# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 8-K

## CURRENT REPORT

**Pursuant to Section 13 or 15(d) of**
**The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): April 21, 2011**

# Philip Morris International Inc.
**(Exact name of registrant as specified in its charter)**

| Virginia | 1-33708 | 13-3435103 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| 120 Park Avenue, New York, New York | 10017-5592 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

**Registrant's telephone number, including area code: (917) 663-2000**

**(Former name or former address, if changed since last report.)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On April 21, 2011, Philip Morris International Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2011 and held a live audio webcast to discuss such results. In connection with this webcast, the Company is furnishing to the Securities and Exchange Commission the following documents attached as exhibits to this Current Report on Form 8-K and incorporated herein by reference to this Item 2.02: the earnings release attached as Exhibit 99.1 hereto, the conference call transcript attached as Exhibit 99.2 hereto and the webcast slides attached as Exhibit 99.3 hereto.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 2.02 of this Current Report on Form 8-K, including Exhibits 99.1, 99.2 and 99.3, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in Item 2.02 of this Current Report on Form 8-K shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such filing or document.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Philip Morris International Inc. Press Release dated April 21, 2011 (furnished pursuant to Item 2.02)

99.2 Conference Call Transcript dated April 21, 2011 (furnished pursuant to Item 2.02)

99.3 Webcast Slides dated April 21, 2011 (furnished pursuant to Item 2.02)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILIP MORRIS INTERNATIONAL INC.

By: /s/ JERRY WHITSON
Name: Jerry Whitson
Title: Deputy General Counsel and Corporate Secretary

DATE: April 21, 2011

## EXHIBIT INDEX

| Exhibit No. | Description |
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| 99.3 | Webcast Slides dated April 21, 2011 (furnished pursuant to Item 2.02) |

**Exhibit 99.1**

**PRESS RELEASE**

PHILIP MORRIS INTERNATIONAL


Investor Relations:
New York: +1 (917) 663 2233
Lausanne: +41 (0)58 242 4666

Media:
Lausanne: +41 (0)58 242 4500


# PHILIP MORRIS INTERNATIONAL INC. (PMI) REPORTS 2011 FIRST-QUARTER RESULTS; INCREASES 2011 EPS GUIDANCE BY $0.20 TO A RANGE OF $4.55 TO $4.65

- Reported and adjusted diluted earnings per share of $1.06, up by 17.8% versus $0.90 in 2010, or by 14.4% excluding currency
- Reported net revenues, excluding excise taxes, up by 4.5% to $6.8 billion, or by 4.3% excluding currency, driven by favorable pricing
- Reported operating companies income up by 10.8% to $3.1 billion, or by 8.3% excluding currency
- Adjusted operating companies income, which reflects the items detailed in the attached Schedule 7, up by 11.4% to $3.1 billion, or by 8.8% excluding currency
- Operating income up by 10.8% to $3.0 billion
- Free cash flow, defined as net cash provided by operating activities less capital expenditures, up by 22.6% to $2.2 billion, or by 21.1% excluding currency, as detailed in the attached Schedule 11
- Repurchased 22.2 million shares of its common stock for $1.36 billion
- Announced an agreement to acquire the cigarette manufacturing assets and trademarks of International Tobacco & Cigarettes Company Ltd. (ITCC) in Jordan
- PMI increases its forecast for 2011 full-year reported diluted earnings per share by $0.20 to a range of $4.55 to $4.65, at prevailing exchange rates, versus $3.92 in 2010
  - Approximately $0.10 of the increased guidance are attributable to an improved business outlook and approximately $0.10 reflect favorable currency at prevailing rates;
  - Excluding a total favorable currency impact of approximately $0.20 for the full-year 2011, reported diluted earnings per share are projected to increase by approximately 11% to 13.5%, or by approximately 12.5% to 15% versus adjusted diluted earnings per share of $3.87 in 2010

NEW YORK, April 21, 2011 – Philip Morris International Inc. (NYSE / Euronext Paris: PM) today announced its 2011 first-quarter results, and increased its forecast for 2011 full-year reported diluted earnings per share.

“We start the year on a strong footing, despite the tragic events in Japan and the upheavals in North Africa.” said Louis C. Camilleri, Chairman and Chief Executive Officer.

“Our organic volume performance was slightly higher than we had originally forecast given the anticipated weakness in Mexico, Japan, Spain, Ukraine and Pakistan. Our momentum is such that we are raising our EPS guidance for the year driven, in equal part, by a stronger organic earnings projection and favorable currency at prevailing rates. Our revised guidance anticipates higher spending in support of our brand portfolio and a more conservative pricing stance in response to competitive actions. We are pleased with our financial performance to date and look forward to another year of solid results.”

**Conference Call**

A conference call, hosted by Hermann Waldemer, Chief Financial Officer, with members of the investment community and news media, will be webcast at 9:00 a.m., Eastern Time, on April 21, 2011. Access is available at www.pmi.com.

**Dividends and Share Repurchase Program**

During the first quarter, PMI spent $1.36 billion to repurchase 22.2 million shares of its common stock, as shown in the table below.

**PMI Share Repurchases**
**Current $12 Billion, Three-Year Program**

| | Value ($ Mio.) | Shares 000 |
|---|---|---|
| **May-December 2010** | 2,953 | 55,933 |
| **January-March 2011** | 1,356 | 22,154 |
| **Total Under Program** | **4,309** | **78,087** |

PMI's 2011 full-year forecast includes planned share repurchases of approximately $5.0 billion against its previously communicated three-year share repurchase program of $12 billion, initiated in May 2010.

Since May 2008, when PMI began its first share repurchase program, the company has spent an aggregate of $17.3 billion to repurchase 355.7 million shares, or 16.9% of the shares outstanding at the time of the spin-off in March 2008.

**Acquisitions and Agreements**

In March 2011, PMI entered into a definitive agreement to acquire the cigarette manufacturing assets and trademarks of International Tobacco & Cigarettes Company Ltd. (ITCC) in Jordan. The acquisition, valued at approximately $42 million, expands PMI's manufacturing footprint in the Middle East. Following completion of the agreement, expected by the end of May 2011, PMI will locally manufacture *Marlboro* and *L&M*, together with the acquired brands *Kareem*, *Mercury*, *Noble* and *Polo Club*. The total cigarette market in Jordan in 2010 was approximately 7.5 billion units and PMI's and ITCC's market shares were approximately 26% and 9%, respectively.

**2011 Full-Year Forecast**

PMI increases its 2011 full-year reported diluted earnings per share forecast by $0.20 to a range of $4.55 to $4.65, at prevailing exchange rates, versus $3.92 in 2010. Approximately $0.10 of the increased guidance are attributable to an improved business outlook and approximately $0.10 reflect favorable currency at prevailing rates. Excluding a total favorable currency impact of approximately $0.20 for the full-year 2011, reported diluted earnings per share are projected to increase by approximately 11% to 13.5%, or by approximately 12.5% to 15% versus adjusted diluted earnings per share of $3.87 in 2010.

This guidance excludes the impact of any potential future acquisitions, asset impairment and exit cost charges, and any unusual events. The factors described in the Forward-Looking and Cautionary Statements section of this release represent continuing risks to these projections.

## 2011 FIRST-QUARTER CONSOLIDATED RESULTS

*Management reviews operating companies income (OCI), which is defined as operating income before corporate expenses and amortization of intangibles, to evaluate segment performance and to allocate resources. In the following discussion, the term "net revenues" refers to net revenues, excluding excise taxes, unless otherwise stated. Management also reviews OCI, operating margins and EPS on an adjusted basis (which may exclude the impact of currency and other items such as acquisitions or asset impairment and exit costs), EBITDA, free cash flow and net debt. Management believes it is appropriate to disclose these measures to help investors analyze business performance and trends. For a reconciliation of operating companies income to operating income, see the Condensed Statements of Earnings provided with this release. Reconciliations of non-GAAP measures to corresponding GAAP measures are also provided with this release. References to total international cigarette market, total cigarette market, total market and market shares are PMI estimates based on latest available data from a number of sources. Comparisons are to the same prior-year period unless otherwise stated.*

## NET REVENUES

### PMI Net Revenues ($ Millions)

| | First-Quarter | | | |
|---|---|---|---|---|
| | 2011 | 2010 | Change | Excl. Curr. |
| **European Union** | $2,001 | $2,184 | (8.4)% | (3.5)% |
| **Eastern Europe, Middle East & Africa** | 1,687 | 1,746 | (3.4)% | (1.7)% |
| **Asia** | 2,323 | 1,873 | 24.0% | 17.2% |
| **Latin America & Canada** | 780 | 693 | 12.6% | 9.1% |
| **Total PMI** | **$6,791** | **$6,496** | **4.5%** | **4.3%** |

Net revenues of $6.8 billion were up by 4.5%, including favorable currency of $17 million. Excluding currency, net revenues increased by 4.3%, primarily driven by favorable pricing of $453 million, primarily in Asia and Latin America & Canada, partly offset by unfavorable volume/mix of $280 million. The unfavorable volume/mix was mainly due to: in the EU, Greece, Italy, Portugal and Spain; in EEMA, Libya, Tunisia and Ukraine, partly offset by Algeria and Turkey; in Asia, Australia and Japan, partly offset by Indonesia; and, in Latin America & Canada, Mexico, partly offset by Argentina and Brazil. Excluding currency and acquisitions, net revenues increased by 2.7%.

## OPERATING COMPANIES INCOME

### PMI Operating Companies Income ($ Millions)

| | First-Quarter | | | |
|---|---|---|---|---|
| | 2011 | 2010 | Change | Excl. Curr. |
| **European Union** | $1,006 | $1,062 | (5.3)% | (3.3)% |
| **Eastern Europe, Middle East & Africa** | 722 | 770 | (6.2)% | (4.7)% |
| **Asia** | 1,093 | 724 | 51.0% | 36.9% |
| **Latin America & Canada** | 251 | 217 | 15.7% | 15.2% |
| **Total PMI** | **$3,072** | **$2,773** | **10.8%** | **8.3%** |

Operating income increased by 10.8% to $3.0 billion. Reported operating companies income was up by 10.8% to $3.1 billion, including favorable currency of $70 million. Excluding currency, operating companies income was up by 8.3%, primarily driven by higher pricing, partly offset by unfavorable volume/mix. Excluding the favorable impact of acquisitions, which contributed 0.9 percentage points of growth, and currency, operating companies income was up by 7.4%.

Adjusted operating companies income for the first-quarter grew by 11.4% as shown in the table below and detailed on Schedule 7. Adjusted operating companies income, excluding currency, increased by 8.8%.

### PMI Operating Companies Income ($ Millions)

| | First-Quarter | | |
|---|---|---|---|
| | 2011 | 2010 | Change |
| **Reported OCI** | $3,072 | $2,773 | 10.8% |
| Asset impairment & exit costs | (16) | 0 | |
| **Adjusted OCI** | **$3,088** | **$2,773** | **11.4%** |
| **Adjusted OCI Margin*** | 45.5% | 42.7% | 2.8 p.p. |

* Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes.

Adjusted operating companies income margin, excluding the impact of currency, was up by 1.9 percentage points to 44.6%, as detailed on Schedule 7. Excluding currency and the business combination with Fortune Tobacco Corporation in the Philippines, adjusted operating companies income margin was up by 2.2 percentage points to 44.9%.

## SHIPMENT VOLUME & MARKET SHARE

### PMI Cigarette Shipment Volume by Segment (Million Units)

| | First-Quarter | | |
|---|---|---|---|
| | 2011 | 2010 | Change |
| **European Union** | 48,522 | 52,329 | (7.3)% |
| **Eastern Europe, Middle East & Africa** | 63,643 | 64,145 | (0.8)% |
| **Asia** | 72,092 | 63,215 | 14.0% |
| **Latin America & Canada** | 23,663 | 25,046 | (5.5)% |
| **Total PMI** | **207,920** | **204,735** | **1.6%** |

PMI's cigarette shipment volume of 207.9 billion units was up by 1.6%. In the EU, cigarette shipment volume decreased by 7.3%, predominantly due to: lower total markets, notably in Greece, Poland and Spain; unfavorable distributor inventory movements in Italy; and lower market share, mainly in Poland and Spain. In EEMA, cigarette shipment volume declined by 0.8%, primarily due to: political unrest in Egypt, Libya and Tunisia; Serbia, due to tax-driven pricing; and Ukraine, due to the unfavorable impact of steep tax-driven price increases in 2010; partly offset by growth in Algeria, Romania and Turkey. In Asia, PMI's cigarette shipment volume increased by 14.0%, primarily driven by growth in Indonesia and the favorable impact of the business combination in the Philippines, partially offset by Japan, due to a lower total market, and Pakistan, due to a lower tax-paid market resulting from an increase in illicit trade. In Latin America & Canada, cigarette shipment volume decreased by 5.5%, due mainly to Mexico, reflecting a lower total market and the depletion of trade inventories established ahead of the significant January 1, 2011, excise tax increase, partly offset by growth in Argentina and Brazil.

On an organic basis, which excludes acquisitions, PMI's cigarette shipment volume was down by 3.3%.

Total cigarette shipments of *Marlboro* of 68.6 billion units were down by 2.9%, due primarily to decreases in the EU of 6.5%, mainly reflecting a lower total market in Greece and Spain, and in Latin America & Canada, of 8.2%, due to the unfavorable impact of the aforementioned excise tax increase in Mexico. These declines were partially offset by growth in: EEMA, of 1.1%, primarily due to Algeria and Egypt, reflecting strong share growth, and Romania, reflecting a higher total market as a result of lower illicit trade; and in Asia, of 0.7%, primarily reflecting growth in Korea and the Philippines, offset by Japan following the significant tax increase in October 2010.

Total cigarette shipments of *L&M* of 20.4 billion units were up by 1.5%, with stable or growing shipments in all four Regions.

Total cigarette shipments of *Chesterfield* of 8.0 billion units were down moderately by 0.4%, with declines, primarily in Spain and Ukraine, partially offset by growth, mainly in Poland and Portugal. Total cigarette shipments of *Parliament* of 8.4 billion units were up by a robust 9.0%, driven by growth across all Regions. Total cigarette shipments of *Lark* of 6.5 billion units decreased by 5.9%, due primarily to a decline in Turkey. Total cigarette shipments of *Bond Street* of 9.5 billion units increased by 2.3%, driven by growth in Russia and Kazakhstan, partly offset by declines in Turkey and Ukraine.

Total shipment volume of other tobacco products (OTP), in cigarette equivalent units, excluding acquisitions, grew by 0.5%.

Total shipment volume for cigarettes and OTP was up by 1.5%, or down by 3.2% excluding acquisitions.

PMI's market share performance was stable, or registered growth, in a number of key markets, including Algeria, Australia, Belgium, Brazil, Egypt, France, Germany, Greece, Hong Kong, Indonesia, Japan, Korea, Mexico, the Netherlands, the Philippines, Singapore, Thailand and Turkey.

## EUROPEAN UNION REGION (EU)

### 2011 First-Quarter Results

In the EU, net revenues decreased by 8.4% to $2.0 billion, including unfavorable currency of $106 million. Excluding currency, net revenues declined by 3.5%, primarily reflecting higher pricing of $51 million, despite the unfavorable impact of a partial absorption of excise tax increases in Greece, which was more than offset by $128 million of unfavorable volume/mix. The unfavorable volume/mix was primarily attributable to a lower total market and share in Portugal and Spain, unfavorable distributor inventory movements in Italy and a lower total market and unfavorable mix in Greece. The difficult economic conditions in Greece and Spain represented 2.7 percentage points of the decline in net revenues, excluding currency.

Operating companies income decreased by 5.3% to $1.0 billion, due predominantly to unfavorable volume/mix of $102 million and unfavorable currency of $21 million, partially offset by favorable pricing. Excluding the impact of currency, operating companies income was down by 3.3%, primarily reflecting favorable pricing more than offset by unfavorable volume/mix. The aforementioned difficult economic conditions in Greece and Spain adversely impacted the operating companies income growth rate in the EU by 4.3 percentage points, excluding currency.

Adjusted operating companies income decreased by 4.2%, as shown in the table below and detailed on Schedule 7. Adjusted operating companies income, excluding currency, decreased by 2.3%.

### EU Operating Companies Income ($ Millions)

| | First-Quarter | | |
|---|---|---|---|
| | 2011 | 2010 | Change |
| **Reported OCI** | $1,006 | $1,062 | (5.3)% |
| Asset impairment & exit costs | (11) | 0 | |
| **Adjusted OCI** | **$1,017** | **$1,062** | **(4.2)%** |
| **Adjusted OCI Margin*** | 50.8% | 48.6% | 2.2 p.p. |

* Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes.

Excluding the impact of currency, adjusted operating companies income margin was up by 0.7 percentage points to 49.3%, as detailed on Schedule 7.

The total cigarette market in the EU declined by 5.3%, due mainly to Greece, Poland and Spain, principally reflecting the unfavorable impact of tax-driven price increases, and the impact of continued adverse economic conditions, particularly in Greece and Spain.

PMI's cigarette shipment volume in the EU declined by 7.3%, primarily reflecting the impact of the lower total market as described above, lower share, and unfavorable distributor inventory movements. Shipment volume of *Marlboro* decreased by 6.5%, mainly due to lower total markets as well as lower share in Greece and Portugal. Shipment volume of *L&M* was unchanged.

PMI's market share in the EU was down by 0.4 share points to 37.9% as gains, primarily in Belgium, France, Germany, Hungary and the Netherlands, were more than offset by share declines, mainly in the Czech Republic, Italy, Poland, Portugal and Spain. *Marlboro*'s share in the EU was down by a modest 0.1 share point to 17.8%, reflecting a higher share in Poland, offset by lower share in Greece and Portugal. *L&M*'s market share in the EU grew by 0.2 points to 6.1%, primarily driven by gains in Germany and Greece.

**EU Key Market Commentaries**

In the Czech Republic, the total cigarette market was down by 2.0%, reflecting the impact of price increases implemented in the second quarter of 2010 and the first quarter of 2011. PMI's shipments were down by 9.4%. Market share was down by 3.7 points to 45.0%, mainly reflecting continued share declines for lower-margin local brands, partially offset by a higher share for *Marlboro*, up by 0.2 points to 6.5%, and for *Red & White*, up by 0.5 points to 13.1%.

In France, the total cigarette market was up slightly by 0.1%. Whilst PMI's shipments were down by 2.7%, unfavorably impacted by distributor inventory movements, market share was up by 0.1 point to 40.4%, reflecting a higher share for the premium *Philip Morris* brand, up by 0.6 points to 8.2%, partly offset by a lower share for *Marlboro*, down by 0.4 points to 25.5%.

In Germany, the total cigarette market was down by 1.0%. PMI's shipments were up by 0.5% and market share was up by 0.5 points to 35.7%, representing the first share growth after six quarters of year-on-year declines, driven by *L&M*, up by 0.9 points to a record 10.0%. Share of *Marlboro* was stable at 21.2%.

In Italy, the total cigarette market was up by 0.2%. PMI's shipments were down by 4.9%, mainly due to unfavorable distributor inventory movements. Although PMI's market share declined by 0.6 points to 53.5%, share was up by 0.1 point compared to the fourth quarter of 2010. *Marlboro*'s market share in the first quarter of 2011 of 22.5% was stable compared to both the first and fourth quarter 2010.

In Poland, the total cigarette market was down by 4.3%, reflecting the unfavorable impact of tax-driven price increases and the introduction of an indoor public smoking ban in the fourth quarter of 2010. PMI's shipments were down by 12.0%. Whilst PMI's market share was down by 3.0 points, due mainly to lower share of low-price *Red & White*, down 3.6 points to 5.6%, share of *Marlboro* and *Chesterfield* grew by 1.2 points each to 10.4% and 1.5%, respectively.

In Spain, the total cigarette market was down by 24.8%, largely due to: the continuing adverse economic environment; the impact of the June 2010 VAT-driven price increase and the December 2010 excise tax-driven price increase; the introduction of a total indoor public smoking ban in January 2011; and the unfavorable impact of a trade inventory adjustment in response to weakened consumer demand and working capital constraints. PMI's shipments were down by 27.4%. PMI's market share was down by 1.2 points to 30.4%, due mainly to a lower share of *Marlboro* and *Chesterfield*, down by 0.4 points and 1.1 points to 14.1% and 8.1%, respectively.

## EASTERN EUROPE, MIDDLE EAST & AFRICA REGION (EEMA)

**2011 First-Quarter Results**

In EEMA, net revenues decreased by 3.4% to $1.7 billion, including unfavorable currency of $29 million. Excluding the impact of currency, net revenues decreased by 1.7%, primarily due to unfavorable volume/mix of $28 million. Pricing during the first quarter of 2011 was essentially flat due to an unfavorable comparison with the first quarter of 2010 which included inventory windfalls resulting from the sale of old taxed product at new prices.

Operating companies income decreased by 6.2% to $722 million, including unfavorable currency of $12 million. Excluding the impact of currency, operating companies income decreased by 4.7%, due primarily to the abovementioned unfavorable comparison with the first quarter of 2010 and higher costs, including business building initiatives in Russia. Adjusted operating companies income decreased by 6.0%, as shown in the table below and detailed on Schedule 7. Adjusted operating companies income, excluding currency, decreased by 4.4%.

**EEMA Operating Companies Income ($ Millions)**

| | First-Quarter | | |
|---|---|---|---|
| | 2011 | 2010 | Change |
| **Reported OCI** | $ 722 | $ 770 | (6.2)% |
| Asset impairment & exit costs | (2) | 0 | |
| **Adjusted OCI** | **$ 724** | **$ 770** | **(6.0)%** |
| **Adjusted OCI Margin*** | 42.9% | 44.1% | (1.2) p.p. |

* Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes.

Excluding the impact of currency, adjusted operating companies income margin was down by 1.2 percentage points to 42.9%, as detailed on Schedule 7, primarily as a result of the aforementioned 2010 inventory windfalls.

PMI's cigarette shipment volume in EEMA decreased by 0.8%, principally due to: Libya, reflecting the suspension of shipments due to political unrest; Serbia, due to tax-driven pricing in 2010 and the first quarter of 2011; Tunisia, primarily reflecting temporary disruptions due to the political unrest and unfavorable trade inventory movements; and Ukraine, due to the unfavorable impact of steep tax-driven price increases in January and July 2010. These declines were partly offset by: Algeria, driven by higher market share; Romania, reflecting a higher total market as a result of reduced illicit trade, favorable trade inventory movements and a favorable comparison with the first-quarter of 2010; and Turkey, driven by market share gains and a favorable comparison with the first-quarter of 2010 following the January 2010 excise tax increase.

Shipment volume of *Marlboro* increased by 1.1%, driven mostly by growth in Algeria, Egypt, Morocco and Romania.

**EEMA Key Market Commentaries**

In Russia, PMI's shipment volume decreased by 0.8%. Whilst shipment volume of PMI's premium portfolio was down by 4.5%, primarily due to a decline in *Marlboro* of 8.1%, shipment volume of above premium *Parliament* was essentially flat. In the mid-price segment, shipment volume was down by 17.0% and 1.3% for *L&M* and *Chesterfield*, respectively. In the low price segment, shipment volume of *Bond Street* was up by 10.3%. PMI's market share of 25.5%, as measured by A.C. Nielsen, was down by 0.2 points versus the first quarter of 2010, but up by 0.2 points compared to the fourth quarter of 2010. Market share for *Parliament*, in the above premium segment, was essentially flat; *Marlboro*, in the premium segment, was down by 0.2 share points; *L&M* in the mid-price segment was down by 0.4 share points; *Chesterfield* in the mid-price segment was up by 0.1 share point; and *Bond Street* in the low price segment was up by 0.4 share points.

In Turkey, the total cigarette market declined by 2.1%, showing signs of stabilization following the steep January 2010 excise tax increase. PMI's shipment volume increased by 10.4%. PMI's market share, as measured by A.C. Nielsen, grew by 2.8 points to 43.9%, driven by *Parliament*, *Muratti* and *L&M,* up by 0.4, 0.5 and 3.9 share points, respectively, partially offset by *Marlboro* and *Bond Street*, down by 0.7 points each.

In Ukraine, the total cigarette market declined by 13.1%. PMI's shipment volume decreased by 20.4%, reflecting the impact of steep excise tax-driven price increases in 2009 and 2010, as well as lower share driven by low-price competition. Whilst PMI's market share, as measured by A.C. Nielsen February year-to-date, was down by 3.6 points to 32.7%, combined shares for premium *Marlboro*, *Parliament* and *Virginia Slims* were slightly up by 0.1 point, offset by lower share for mid-price *Chesterfield* and *L&M* and brands in the low-price segment.

## ASIA REGION

### 2011 First-Quarter Results

In Asia, net revenues increased by 24.0% to $2.3 billion, including favorable currency of $128 million. Excluding the impact of currency, net revenues increased by 17.2%, reflecting the favorable impact of the business combination in the Philippines, and pricing of $287 million, primarily in Australia, Indonesia and Japan, partly offset by unfavorable volume/mix of $70 million, mainly due to the unfavorable impact of steep excise tax-driven price increases in Japan effective October 1, 2010. Excluding the impact of currency and the favorable impact of the business combination in the Philippines, net revenues increased by 11.6%.

Operating companies income grew by 51.0% to reach $1.1 billion. Excluding the impact of currency, operating companies income increased by 36.9%, driven by strong growth in Australia, Indonesia, Japan and the Philippines. Excluding the impact of currency and the business combination in the Philippines, operating companies income increased by 33.7%. Adjusted operating companies income increased by 51.2% as shown in the table below and detailed on Schedule 7. Adjusted operating companies income, excluding currency, increased by 37.2%, or by 34.0% excluding both currency and the impact of the business combination in the Philippines.

**Asia Operating Companies Income ($ Millions)**

| | First-Quarter | | |
|---|---|---|---|
| | **2011** | **2010** | **Change** |
| **Reported OCI** | $1,093 | $ 724 | 51.0% |
| Asset impairment & exit costs | (2) | 0 | |
| **Adjusted OCI** | **$1,095** | **$ 724** | **51.2%** |
| **Adjusted OCI Margin*** | 47.1% | 38.7% | 8.4 p.p. |

* Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes.

Excluding the impact of currency, adjusted operating companies income margin was up by 6.5 percentage points to 45.2%, as detailed on Schedule 7. Excluding the impact of currency and the business combination in the Philippines, adjusted operating companies income margin was up by 7.7 percentage points to 46.4%, as detailed on Schedule 7.

PMI's cigarette shipment volume in Asia increased by 14.0%, predominantly due to growth in Indonesia and 9.9 billion units from the business combination in the Philippines. The growth was partially offset by: a shipment decline in Japan of 8.3%, reflecting the significant impact of the October 1, 2010, tax increase, partially offset by additional shipments in anticipation of Japan Tobacco's temporary suspension of market supply; and a decline in Pakistan of 16.9% due to continued consumer down-trading to the non-tax paid segment of the market.

Shipment volume of *Marlboro* was up by 0.7%, driven mainly by growth in Korea, the Philippines, and Vietnam, offset by the aforementioned excise tax impact in Japan.

**Asia Key Market Commentaries**

In Indonesia, the total cigarette market was up by 3.3%. PMI's shipment volume increased by 7.4%. Market share was up by 1.1 points to a record 29.9%, driven by growth from mid-price *Sampoerna Kretek* and *U Mild*, partially offset by a decline in premium *Sampoerna A*. *Marlboro*'s share remained unchanged at 4.4%.

In Japan, the total cigarette market decreased by 16.4%, reflecting the unfavorable impact of the significant October 1, 2010, tax-driven price increases, the payback of trade loading associated with these increases, and the underlying market decline. PMI's shipment volume was down by 8.3% due to the aforementioned excise tax increase, partially offset by additional shipments as well as increased trade purchases in anticipation of in-market shortages following Japan Tobacco's temporary suspension of market supply. Market share of 25.6% was up by 1.4 points, reflecting growth in *Marlboro*'s share to 11.7%, up by 0.9 points, driven by *Marlboro Ice Blast*. Market share of *Lark* was up by 0.5 points to 7.2%, supported by the successful introduction of *Lark Hybrid*. Market share of the *Philip Morris* brand was flat at 2.2%.

In Korea, the total cigarette market increased by 2.3%, mainly reflecting trade inventory corrections of competitive brands at the start of 2010 following significant trade purchases at the end of 2009. PMI's shipment volume increased by 4.8%, driven by market share increases. PMI's market share reached a record 17.8%, up by 0.4 points, driven by *Marlboro* and *Parliament*, each up by 0.3 share points.

In the Philippines, Philip Morris Philippines Manufacturing Inc. combined with Fortune Tobacco Corporation on February 25, 2010, to form a new company called PMFTC Inc. As a result of this business combination, PMI's shipments were up by 73.2%, and market share was 95.0%. Excluding the favorable impact of this new business combination of 9.9 billion units, cigarette shipments decreased by 3.4%, due to the timing of shipments compared to 2010.

## LATIN AMERICA & CANADA REGION

**2011 First-Quarter Results**

In Latin America & Canada, net revenues increased by 12.6% to $780 million, including favorable currency of $24 million. Excluding the impact of currency, net revenues increased by 9.1%, reflecting favorable pricing of $117 million, primarily in Argentina, Brazil, Canada and Mexico, that more than offset unfavorable volume/mix of $54 million.

Operating companies income increased by 15.7% to $251 million. Excluding the impact of currency, operating companies income increased by 15.2%, primarily reflecting favorable pricing. Adjusted operating companies income grew by 16.1% as shown in the table below and detailed on Schedule 7. Adjusted operating companies income, excluding currency, grew by 15.7%.

**Latin America & Canada Operating Companies Income ($ Millions)**

| | First-Quarter | | |
|---|---|---|---|
| | 2011 | 2010 | Change |
| **Reported OCI** | $ 251 | $ 217 | 15.7% |
| Asset impairment & exit costs | (1) | 0 | |
| **Adjusted OCI** | **$ 252** | **$ 217** | **16.1%** |
| **Adjusted OCI Margin*** | 32.3% | 31.3% | 1.0 p.p. |

* Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes

Excluding the impact of currency, adjusted operating companies income margin increased by 1.9 percentage points to 33.2%, as detailed on Schedule 7.

PMI's cigarette shipment volume in Latin America & Canada decreased by 5.5%, driven mainly by Mexico, partly offset by increases in Argentina and Brazil. Shipment volume of *Marlboro* declined by 8.2%, mainly due to Mexico.

**Latin America & Canada Key Market Commentaries**

In Argentina, the total cigarette market grew by 2.9%. PMI's cigarette shipment volume increased by 2.6%, and market share was essentially flat at 74.4%, with *Marlboro*, up by 0.3 share points to 23.8%, and the mid-price *Philip Morris* brand, up by 0.3 share points to 38.1%, partially offset by low-price *Next*, down by 0.3 points to 3.7%.

In Canada, the total tax-paid cigarette market was up by 1.6%, mainly reflecting government enforcement measures to reduce contraband sales since mid-2009. Although PMI's cigarette shipment volume increased by 1.3%, market share declined by 0.2 points to 33.9%, with gains from premium price *Belmont*, up by 0.1 share point, and low-price brands *Next* and *Quebec Classique*, up by 2.6 and 0.4 share points, respectively, offset by mid-price *Number 7* and *Canadian Classics*, and low-price *Accord*, down by 0.7, 0.7 and 1.1 share points, respectively.

In Mexico, the total cigarette market was down by 27.0%, reflecting a lower total market and the depletion of trade inventories established ahead of the significant January 1, 2011, excise tax increase which drove a 26.7% increase in the retail price of *Marlboro*. Excluding the unfavorable impact of the trade inventory movements, the total cigarette market declined by an estimated 14%. Although PMI's cigarette shipment volume decreased by 26.1%, market share grew by 0.9 points to 70.5%, led by *Marlboro*, up by 1.6 share points to a quarterly record 50.3%, and *Benson & Hedges*, up by 0.6 points to 6.0%. Market share of *Delicados*, the second best selling brand in the market, declined by 0.9 points to 11.0%.

**Philip Morris International Inc. Profile**

Philip Morris International Inc. (PMI) is the leading international tobacco company, with seven of the world's top 15 brands, including *Marlboro*, the number one cigarette brand worldwide. PMI's products are sold in approximately 180 countries. In 2010, the company held an estimated 16.0% share of the total international cigarette market outside of the U.S., or 27.6% excluding the People's Republic of China and the U.S. For more information, see www.pmi.com.

## Forward-Looking and Cautionary Statements

This press release contains projections of future results and other forward-looking statements that involve a number of risks and uncertainties and are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. The following important factors could cause actual results and outcomes to differ materially from those contained in such forward-looking statements.

Philip Morris International Inc. and its tobacco subsidiaries (PMI) are subject to intense price competition; changes in consumer preferences and demand for their products; fluctuations in levels of customer inventories; increases in raw material costs; the effects of global economic developments and individual country economic and market conditions; unfavorable currency movements and changes to income tax laws. Their results are dependent upon their continued ability to promote brand equity successfully; to anticipate and respond to new consumer trends; to develop new products and markets and to broaden brand portfolios in order to compete effectively; to be able to protect and enhance margins through price increases; and to improve productivity.

PMI is also subject to legislation and governmental regulation, including actual and potential excise tax increases; discriminatory excise tax structures; increasing marketing and regulatory restrictions; the effects of price increases related to excise tax increases on consumption rates and consumer preferences within price segments; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; privately imposed smoking restrictions; and governmental investigations.

PMI is subject to litigation, including risks associated with adverse jury and judicial determinations, and courts reaching conclusions at variance with PMI's understanding of applicable law.

PMI is further subject to other risks detailed from time to time in its publicly filed documents, including the Form 10-K for the year ended December 31, 2010. PMI cautions that the foregoing list of important factors is not complete and does not undertake to update any forward-looking statements that it may make, except in the normal course of its public disclosure obligations.

###

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Condensed Statements of Earnings
**For the Quarters Ended March 31,**
($ in millions, except per share data)
(Unaudited)

| | 2011 | 2010 | % Change |
|---|---|---|---|
| **Net revenues** | **$16,530** | **$15,587** | **6.0%** |
| Cost of sales | 2,295 | 2,372 | (3.2)% |
| Excise taxes on products [(1)] | 9,739 | 9,091 | 7.1% |
| Gross profit | 4,496 | 4,124 | 9.0% |
| Marketing, administration and research costs | 1,408 | 1,351 | |
| Asset impairment and exit costs | 16 | — | |
| **Operating companies income** | **3,072** | **2,773** | **10.8%** |
| Amortization of intangibles | 24 | 20 | |
| General corporate expenses | 41 | 38 | |
| **Operating income** | **3,007** | **2,715** | **10.8%** |
| Interest expense, net | 213 | 223 | |
| Earnings before income taxes | 2,794 | 2,492 | 12.1% |
| Provision for income taxes | 807 | 738 | 9.3% |
| Net earnings | 1,987 | 1,754 | 13.3% |
| Net earnings attributable to noncontrolling interests | 68 | 51 | |
| **Net earnings attributable to PMI** | **$ 1,919** | **$ 1,703** | **12.7%** |
| **Per share data:[(2)]** | | | |
| **Basic earnings per share** | **$ 1.06** | **$ 0.90** | **17.8%** |
| **Diluted earnings per share** | **$ 1.06** | **$ 0.90** | **17.8%** |

(1) The segment detail of excise taxes on products sold for the quarters ended March 31, 2011 and 2010 is shown on Schedule 2.
(2) Net earnings and weighted-average shares used in the basic and diluted earnings per share computations for the quarters ended March 31, 2011 and 2010 are shown on Schedule 4, Footnote 1.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Selected Financial Data by Business Segment
**For the Quarters Ended March 31,**
($ in millions)
(Unaudited)

| | | Net Revenues excluding Excise Taxes | | | | |
|---|---|---|---|---|---|---|
| | | European Union | EEMA | Asia | Latin America & Canada | Total |
| **2011** | Net Revenues [1] | $ 6,415 | $ 3,671 | $ 4,288 | $ 2,156 | $16,530 |
| | Excise Taxes on Products | (4,414) | (1,984) | (1,965) | (1,376) | (9,739) |
| | **Net Revenues excluding Excise Taxes** | **2,001** | **1,687** | **2,323** | **780** | **6,791** |
| **2010** | Net Revenues | $ 6,748 | $ 3,356 | $ 3,562 | $ 1,921 | $15,587 |
| | Excise Taxes on Products | (4,564) | (1,610) | (1,689) | (1,228) | (9,091) |
| | **Net Revenues excluding Excise Taxes** | **2,184** | **1,746** | **1,873** | **693** | **6,496** |
| **Variance** | Currency | (106) | (29) | 128 | 24 | 17 |
| | Acquisitions | — | — | 105 | — | 105 |
| | Operations | (77) | (30) | 217 | 63 | 173 |
| | **Variance Total** | **(183)** | **(59)** | **450** | **87** | **295** |
| | Variance Total (%) | (8.4)% | (3.4)% | 24.0% | 12.6% | 4.5% |
| | Variance excluding Currency | (77) | (30) | 322 | 63 | 278 |
| | Variance excluding Currency (%) | (3.5)% | (1.7)% | 17.2% | 9.1% | 4.3% |
| | Variance excluding Currency & Acquisitions | (77) | (30) | 217 | 63 | 173 |
| | Variance excluding Currency & Acquisitions (%) | (3.5)% | (1.7)% | 11.6% | 9.1% | 2.7% |

(1) 2011 Currency (decreased) increased net revenues as follows:

| | |
|---|---|
| European Union | $ (328) |
| EEMA | (86) |
| Asia | 235 |
| Latin America & Canada | 54 |
| | $ (125) |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Selected Financial Data by Business Segment
**For the Quarters Ended March 31,**
($ in millions)
(Unaudited)

| | Operating Companies Income | | | | |
|---|---|---|---|---|---|
| | European Union | EEMA | Asia | Latin America & Canada | Total |
| 2011 | $ 1,006 | $ 722 | $1,093 | $ 251 | $3,072 |
| 2010 | 1,062 | 770 | 724 | 217 | 2,773 |
| % Change | (5.3)% | (6.2)% | 51.0% | 15.7% | 10.8% |
| **Reconciliation:** | | | | | |
| **For the quarter ended March 31, 2010** | **$ 1,062** | **$ 770** | **$ 724** | **$ 217** | **$2,773** |
| 2010 Asset impairment and exit costs | — | — | — | — | — |
| 2011 Asset impairment and exit costs | (11) | (2) | (2) | (1) | (16) |
| Acquired businesses | — | — | 23 | — | 23 |
| Currency | (21) | (12) | 102 | 1 | 70 |
| Operations | (24) | (34) | 246 | 34 | 222 |
| **For the quarter ended March 31, 2011** | **$ 1,006** | **$ 722** | **$1,093** | **$ 251** | **$3,072** |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Net Earnings Attributable to PMI and Diluted Earnings Per Share
**For the Quarters Ended March 31,**
($ in millions, except per share data)
(Unaudited)

| | Net Earnings Attributable to PMI | Diluted E.P.S. |
|---|---|---|
| 2011 Net Earnings Attributable to PMI | $ 1,919 | $ 1.06[1] |
| 2010 Net Earnings Attributable to PMI | $ 1,703 | $ 0.90[1] |
| % Change | 12.7% | 17.8% |
| **Reconciliation:** | | |
| **2010 Net Earnings Attributable to PMI** | **$ 1,703** | **$ 0.90**[1] |
| Special Items: | | |
| 2011 Asset impairment and exit costs | (10) | (0.01) |
| 2011 Tax items | 11 | 0.01 |
| Currency | 56 | 0.03 |
| Interest | 4 | — |
| Change in tax rate | 8 | — |
| Impact of lower shares outstanding and share-based payments | 2 | 0.05 |
| Operations | 145 | 0.08 |
| **2011 Net Earnings Attributable to PMI** | **$ 1,919** | **$ 1.06**[1] |

(1) Basic and diluted EPS were calculated using the following (in millions):

| | Q1 2011 | Q1 2010 |
|---|---|---|
| Net earnings attributable to PMI | $1,919 | $1,703 |
| Less distributed and undistributed earnings attributable to share-based payment awards | 10 | 8 |
| Net earnings for basic and diluted EPS | $1,909 | $1,695 |
| Weighted-average shares for basic EPS | 1,793 | 1,874 |
| Plus incremental shares from assumed conversions: | | |
| Stock Options | 1 | 4 |
| Weighted-average shares for diluted EPS | 1,794 | 1,878 |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
**Condensed Balance Sheets**
($ in millions, except ratios)
(Unaudited)

| | March 31, 2011 | December 31, 2010 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 1,322 | $ 1,703 |
| All other current assets | 12,071 | 12,053 |
| Property, plant and equipment, net | 6,678 | 6,499 |
| Goodwill | 10,537 | 10,161 |
| Other intangible assets, net | 3,977 | 3,873 |
| Other assets | 969 | 761 |
| **Total assets** | **$35,554** | **$ 35,050** |
| **Liabilities and Stockholders' Equity** | | |
| Short-term borrowings | $ 1,730 | $ 1,747 |
| Current portion of long-term debt | 3,237 | 1,385 |
| All other current liabilities | 9,376 | 9,672 |
| Long-term debt | 11,885 | 13,370 |
| Deferred income taxes | 2,051 | 2,027 |
| Other long-term liabilities | 1,763 | 1,728 |
| Total liabilities | 30,042 | 29,929 |
| Redeemable noncontrolling interests | 1,202 | 1,188 |
| Total PMI stockholders' equity | 3,992 | 3,506 |
| Noncontrolling interests | 318 | 427 |
| Total stockholders' equity | 4,310 | 3,933 |
| **Total liabilities and stockholders' equity** | **$35,554** | **$ 35,050** |
| Total debt | $16,852 | $ 16,502 |
| Total debt to EBITDA | 1.35[1] | 1.36[1] |
| Net debt to EBITDA | 1.25[1] | 1.22[1] |

(1) For the calculation of Total Debt to EBITDA and Net Debt to EBITDA ratios, refer to Schedule 10.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Adjustments for the Impact of Currency and Acquisitions
**For the Quarters Ended March 31,**
($ in millions)
(Unaudited)

| 2011 | | | | | | | | 2010 | | | % Change in Reported Net Revenues excluding Excise Taxes | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Reported Net Revenues** | **Less Excise Taxes** | **Reported Net Revenues excluding Excise Taxes** | **Less Currency** | **Reported Net Revenues excluding Excise Taxes & Currency** | **Less Acquisitions** | **Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions** | | **Reported Net Revenues** | **Less Excise Taxes** | **Reported Net Revenues excluding Excise Taxes** | **Reported** | **Reported excluding Currency** | **Reported excluding Currency & Acquisitions** |
| $ 6,415 | $4,414 | $ 2,001 | $ (106) | $ 2,107 | $ — | $ 2,107 | European Union | $ 6,748 | $4,564 | $ 2,184 | (8.4)% | (3.5)% | (3.5)% |
| 3,671 | 1,984 | 1,687 | (29) | 1,716 | — | 1,716 | EEMA | 3,356 | 1,610 | 1,746 | (3.4)% | (1.7)% | (1.7)% |
| 4,288 | 1,965 | 2,323 | 128 | 2,195 | 105[1] | 2,090 | Asia | 3,562 | 1,689 | 1,873 | 24.0% | 17.2% | 11.6% |
| 2,156 | 1,376 | 780 | 24 | 756 | — | 756 | Latin America & Canada | 1,921 | 1,228 | 693 | 12.6% | 9.1% | 9.1% |
| **$ 16,530** | **$9,739** | **$ 6,791** | **$ 17** | **$ 6,774** | **$ 105** | **$ 6,669** | **PMI Total** | **$ 15,587** | **$9,091** | **$ 6,496** | **4.5%** | **4.3%** | **2.7%** |

| 2011 | | | | | | 2010 | % Change in Reported Operating Companies Income | | |
|---|---|---|---|---|---|---|---|---|---|
| **Reported Operating Companies Income** | **Less Currency** | **Reported Operating Companies Income excluding Currency** | **Less Acquisitions** | **Reported Operating Companies Income excluding Currency & Acquisitions** | | **Reported Operating Companies Income** | **Reported** | **Reported excluding Currency** | **Reported excluding Currency & Acquisitions** |
| $ 1,006 | $ (21) | $ 1,027 | $ — | $ 1,027 | European Union | $ 1,062 | (5.3)% | (3.3)% | (3.3)% |
| 722 | (12) | 734 | — | 734 | EEMA | 770 | (6.2)% | (4.7)% | (4.7)% |
| 1,093 | 102 | 991 | 23[1] | 968 | Asia | 724 | 51.0% | 36.9% | 33.7% |
| 251 | 1 | 250 | — | 250 | Latin America & Canada | 217 | 15.7% | 15.2% | 15.2% |
| **$ 3,072** | **$ 70** | **$ 3,002** | **$ 23** | **$ 2,979** | **PMI Total** | **$ 2,773** | **10.8%** | **8.3%** | **7.4%** |

(1) Represents the business combination in the Philippines.

Schedule 7

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
**For the Quarters Ended March 31,**
($ in millions)
(Unaudited)

| 2011 | | | | | | | | 2010 | | | % Change in Adjusted Operating Companies Income | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Reported Operating Companies Income** | **Less Asset Impairment & Exit Costs** | **Adjusted Operating Companies Income** | **Less Currency** | **Adjusted Operating Companies Income excluding Currency** | **Less Acquisitions** | **Adjusted Operating Companies Income excluding Currency & Acquisitions** | | **Reported Operating Companies Income** | **Less Asset Impairment & Exit Costs** | **Adjusted Operating Companies Income** | **Adjusted** | **Adjusted excluding Currency** | **Adjusted excluding Currency & Acquisitions** |
| $ 1,006 | $ (11) | $ 1,017 | $ (21) | $ 1,038 | $ — | $ 1,038 | European Union | $ 1,062 | $ — | $ 1,062 | (4.2)% | (2.3)% | (2.3)% |
| 722 | (2) | 724 | (12) | 736 | — | 736 | EEMA | 770 | — | 770 | (6.0)% | (4.4)% | (4.4)% |
| 1,093 | (2) | 1,095 | 102 | 993 | 23[1] | 970 | Asia | 724 | — | 724 | 51.2% | 37.2% | 34.0% |
| 251 | (1) | 252 | 1 | 251 | — | 251 | Latin America & Canada | 217 | — | 217 | 16.1% | 15.7% | 15.7% |
| **$ 3,072** | **$ (16)** | **$ 3,088** | **$ 70** | **$ 3,018** | **$ 23** | **$ 2,995** | **PMI Total** | **$ 2,773** | **$ —** | **$ 2,773** | **11.4%** | **8.8%** | **8.0%** |

| 2011 | | | | | | | 2010 | | | % Points Change | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Adjusted Operating Companies Income excluding Currency** | **Net Revenues excluding Excise Taxes & Currency[2]** | **Adjusted Operating Companies Income Margin excluding Currency** | **Adjusted Operating Companies Income excluding Currency & Acquisitions** | **Net Revenues excluding Excise Taxes, Currency & Acquisitions[2]** | **Adjusted Operating Companies Income Margin excluding Currency & Acquisitions** | | **Adjusted Operating Companies Income** | **Net Revenues excluding Excise Taxes[2]** | **Adjusted Operating Companies Income Margin** | **Adjusted Operating Companies Income Margin excluding Currency** | **Adjusted Operating Companies Income Margin excluding Currency & Acquisitions** |
| $ 1,038 | $ 2,107 | 49.3% | $ 1,038 | $ 2,107 | 49.3% | European Union | $ 1,062 | $ 2,184 | 48.6% | 0.7 | 0.7 |
| 736 | 1,716 | 42.9% | 736 | 1,716 | 42.9% | EEMA | 770 | 1,746 | 44.1% | (1.2) | (1.2) |
| 993 | 2,195 | 45.2% | 970 | 2,090 | 46.4% | Asia | 724 | 1,873 | 38.7% | 6.5 | 7.7 |
| 251 | 756 | 33.2% | 251 | 756 | 33.2% | Latin America & Canada | 217 | 693 | 31.3% | 1.9 | 1.9 |
| **$ 3,018** | **$ 6,774** | **44.6%** | **$ 2,995** | **$ 6,669** | **44.9%** | **PMI Total** | **$ 2,773** | **$ 6,496** | **42.7%** | **1.9** | **2.2** |

(1) Represents the business combination in the Philippines.
(2) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to Schedule 6.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
**For the Quarters Ended March 31,**
(Unaudited)

| | 2011 | 2010 | % Change |
|---|---|---|---|
| **Reported Diluted EPS** | **$ 1.06** | **$ 0.90** | **17.8%** |
| Adjustments: | | | |
| Tax items | (0.01) | — | |
| Asset impairment and exit costs | 0.01 | — | |
| **Adjusted Diluted EPS** | **$ 1.06** | **$ 0.90** | **17.8%** |
| Less: | | | |
| Currency impact | 0.03 | | |
| **Adjusted Diluted EPS, excluding Currency** | **$ 1.03** | **$ 0.90** | **14.4%** |

Schedule 9

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
**For the Quarters Ended March 31,**
(Unaudited)

| | 2011 | 2010 | % Change |
|---|---|---|---|
| **Reported Diluted EPS** | **$ 1.06** | **$ 0.90** | **17.8%** |
| Less: | | | |
| Currency impact | 0.03 | | |
| **Reported Diluted EPS, excluding Currency** | **$ 1.03** | **$ 0.90** | **14.4%** |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Calculation of Total Debt to EBITDA and Net Debt to EBITDA Ratios
($ in millions, except ratios)
(Unaudited)

| | For the Year Ended March 31, 2011 | | | For the Year Ended December 31, 2010 |
|---|---|---|---|---|
| | April ~ December 2010 | January ~ March 2011 | 12 months rolling | |
| Earnings before income taxes | $ 7,832 | $ 2,794 | $10,626 | $ 10,324 |
| Interest expense, net | 653 | 213 | 866 | 876 |
| Depreciation and amortization | 709 | 239 | 948 | 932 |
| **EBITDA** | **$ 9,194** | **$ 3,246** | **$12,440** | **$ 12,132** |

| | March 31, 2011 | December 31, 2010 |
|---|---|---|
| Short-term borrowings | $ 1,730 | $ 1,747 |
| Current portion of long-term debt | 3,237 | 1,385 |
| Long-term debt | 11,885 | 13,370 |
| **Total Debt** | **$16,852** | **$ 16,502** |
| Less: Cash and cash equivalents | 1,322 | 1,703 |
| **Net Debt** | **$15,530** | **$ 14,799** |
| Ratios | | |
| **Total Debt to EBITDA** | **1.35** | **1.36** |
| **Net Debt to EBITDA** | **1.25** | **1.22** |

Schedule 11

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
**For the Quarters Ended March 31,**
($ in millions)
(Unaudited)

| | 2011 | 2010 | % Change |
|---|---|---|---|
| **Net cash provided by operating activities[(a)]** | **$ 2,395** | **$ 1,974** | **21.3%** |
| Less: | | | |
| Capital expenditures | 159 | 150 | |
| **Free cash flow** | **$ 2,236** | **$ 1,824** | **22.6%** |
| Less: | | | |
| Currency impact | 28 | | |
| **Free cash flow, excluding currency** | **$ 2,208** | **$ 1,824** | **21.1%** |

(a) Operating cash flow.

**Exhibit 99.2**

**Philip Morris International Inc.**
**2011 First-Quarter Results Conference Call**
**April 21, 2011**

**NICK ROLLI**

**(SLIDE 1.)**

Welcome. Thank you for joining us. Earlier today, we issued a news release containing detailed information on our 2011 first-quarter results. You may access the release on our web site at www.pmi.com.

**(SLIDE 2.)**

During our call today, we will be talking about results for the first-quarter 2011 and comparing them with the same period in 2010 unless otherwise stated. References to PMI volumes are for PMI shipments. Industry volume and market shares are the latest data available from a number of internal and external sources. Organic volume refers to volume excluding acquisitions, which, for the purposes of this presentation, also include our business combination with Fortune Tobacco Corporation in the Philippines. Net revenues exclude excise taxes. Operating Companies Income, or “OCI”, is defined as operating income before general corporate expenses and the amortization of intangibles.

You will find data tables showing how we made adjustments to net revenues and OCI for currency, acquisitions, asset impairment, exit and other costs, free cash flow calculations, and adjustments to Earnings per Share, or “EPS”, as well as reconciliations to U.S. GAAP measures, at the end of today’s web cast slides, which are posted on our web site.

**(SLIDE 3.)**

Today’s remarks contain forward-looking statements and projections of future results, and I direct your attention to the Forward-Looking and Cautionary Statements disclosure in today’s presentation and news release for a review of the various factors that could cause actual results to differ materially from projections.

It’s now my pleasure to introduce Hermann Waldemer, Chief Financial Officer.

Hermann.

**HERMANN WALDEMER**

**(SLIDE 4.)**

Welcome, ladies and gentlemen. We reported a very strong financial performance during the first quarter with, most notably, an increase in our adjusted diluted EPS of 14.4%, excluding currency. The events in Japan and North Africa, while distressing, only resulted in temporary logistical disruptions for our company and did not have a material financial impact on our overall results in the quarter, thus again emphasizing the advantages of our business' truly global footprint.

**(SLIDE 5.)**

As we flagged in early February, our organic volume performance was dampened by anticipated softness in Japan, Mexico, Pakistan, Spain and Ukraine, as well as by the events in North Africa. Indeed, these markets collectively suffered a volume erosion of 8.4 billion units, or 18.5%. All other markets, constituting slightly more than 80% of our volume base, grew their combined volume at an organic rate of 1.0%.

**(SLIDE 6.)**

I am delighted to announce that we are increasing our reported diluted EPS guidance for 2011 by 20 cents to a range of $4.55 to $4.65. Compared to an adjusted diluted EPS of $3.87 in 2010, this corresponds to an increase of approximately 17.5% to 20% at prevailing exchange rates, and approximately 12.5% to 15% excluding currency.

Ten cents, or half the increased guidance, are attributable to more favorable prevailing exchange rates. The other ten cents are attributable to an improved business outlook in several markets, including France, Germany, Indonesia, Japan, Mexico, the Netherlands and Turkey, partly offset by some additional investments in marketing and sales and slightly more conservative pricing assumptions.

**(SLIDE 7.)**

As you are all aware, Japan Tobacco is facing significant supply disruptions as a result of the tragic events in its home market. It is our understanding that full supply will gradually be in place within the next few weeks.

We in turn have taken all necessary measures to ensure that we have sufficient in-market inventories to supply the market and fill the anticipated temporary vacuum that is likely to occur. While we have certainly witnessed a moderate lift to our in-market sales in the last few weeks, you should know that there are still competitive products available for sale in numerous retail accounts and, accordingly, it is proving difficult to gauge the full extent of the likely uplift in sales. As retail stocks of our principal competitor's products disappear we will be in a better position to determine such levels.

We anticipate that the second quarter will prove critical in this regard. It will allow us to have a much better read on total consumption levels and whether or not and to what extent consumers will return to their prior brand of choice. At this point we face significant uncertainty but rest assured that all actions are in place to optimize our entire supply chain.

**(SLIDE 8.)**

We have a positive momentum in the Japanese market, where our share increased by 1.4 points to 25.6% in the first quarter of this year, driven by the success of consumer-relevant innovative *Marlboro* line extensions.

**(SLIDE 9.)**

Our slightly more conservative pricing assumptions are attributable to the continued economic difficulties and consumer affordability issues in such markets as Greece, Spain and Ukraine, and the need to react to certain competitive price moves, such as selective tax absorption, brand repositioning, price discounting, and delays in the implementation of tax-driven price increases. Pricing will nevertheless remain the key driver of profitability growth at PMI and our pricing variance in 2011 is expected to surpass the level achieved last year.

**(SLIDE 10.)**

Overall our competitiveness is strong and our business is in good shape. This is notably demonstrated by the results during the first quarter in our Asia Region. Volume was up 14.0% in the quarter and, on an organic basis, it was down just 1.7%. *Marlboro* continued to perform strongly in the Asia Region, with volume up by 0.7% overall and by 5.5% excluding Japan.

During the first quarter, we achieved volume and share gains in the key markets of Indonesia, Korea and the Philippines. In Indonesia, we expect industry volume to grow by around 4% this year, despite the potential unfavorable impact of higher food prices on consumer disposable income. Our tactical entry last year into the low-price segment in certain regions has enabled us to start to grow market share again. In Korea, we achieved a record market share of 17.8% in the first quarter, with both *Marlboro* and *Parliament* driving our success. In the Philippines, we expect that industry volume this year will be broadly in line with last year, following tax-driven price increases in January this year. Both *Marlboro* and *Fortune* are gaining share in this promising market, and we are making good progress in realizing our planned synergy savings.

Our financial results in the Asia Region were excellent, with net revenues up by 11.6% and adjusted OCI by 34.0%, both excluding currency and acquisitions.

**(SLIDE 11.)**

The other market in the Asia Region that has been in the news recently is Australia, where the government has released an exposure draft of its plain packaging bill, which would mandate plain packaging in 2012, and has opened a consultation period on the matter through June 6th.

PMI is firmly opposed to such a measure as there is no credible evidence that it will achieve any reduction in smoking rates, and the Government has ignored the fact that it may actually be counterproductive to public health. Plain packaging will lead to price erosion over time and will further encourage the growth of illicit trade, which already increased in Australia by over 25% in 2010 according to a recent Deloitte study. Plain packaging will also result in the illegal confiscation of our trademarks and branded assets, in violation of international trade laws and treaties.

Unlike other Governments, which have focused on establishing whether there is evidence to demonstrate that plain packaging would have public health benefits taking into consideration issues such as the competition, trade and legal implications, as well as the likely impact on illicit trade, the Australian Government seems to be forging ahead without due consideration of any of these important issues. PMI will take all measures it deems appropriate, including recourse to the courts if necessary, to oppose the Australian government proposal.

**(SLIDE 12.)**

Our overall performance was also very good in the Latin America & Canada Region, despite the significant impact on volume of the disruptively large excise tax increase that occurred in January in Mexico. Industry volume in Mexico during the first quarter was down by 27%, though the underlying decline is estimated to have been about 14%. *Marlboro* and *Benson & Hedges* have remained resilient, with *Marlboro* reaching a quarterly market share of 50.3%, up 1.6 share points.

Across the Region, *Marlboro* has been performing strongly with market share gains in all key markets. On a Regional basis, strong pricing drove a 15.7% increase in adjusted OCI and a 1.9 point improvement in adjusted OCI margin, both excluding currency.

**(SLIDE 13.)**

While the economies of most emerging markets have now almost fully recovered, those of Southern Europe remain depressed, with unemployment still continuing to climb, most notably in Greece, Portugal and Spain. Industry volume was down by 25% in the first quarter in Spain as the situation was exacerbated by the introduction of a total indoor smoking ban, tax-driven price increases, a reduction in trade inventories and a sharp increase in contraband off a low base. For the full year the industry volume in Spain is forecast to decline by around 15% and consumer downtrading is expected to continue. It is worth noting that competitors have introduced or repositioned brands below the “kick-in” level of the Minimum Excise Tax and have thus not rolled over the full effects of the most recent excise tax increase.

Greece continued to be a drag on PMI results in the first quarter with industry volume down 10%, consumer downtrading due to the enlarged price gaps, and a difficult comparison as this market was not impacted by large tax increases until the second quarter of last year. Whilst there have recently been structural improvements in the excise tax system, one crucial reform remains to be introduced: an effective Minimum Excise Tax. In addition, a higher specific to total tax ratio would also benefit government revenues.

Excluding just Spain, industry volume in the EU Region in the first quarter was down 2.5%, in line with the longer-term consumption decline trend.

**(SLIDE 14.)**

PMI net revenues in the EU Region were down by 3.5% and adjusted OCI by 2.3% in the first quarter, both excluding currency. This was driven by the lower industry volume and a decline of 0.4 share points on a Regional basis.

We expect our performance in the EU Region to be helped this year by structural excise tax improvements implemented by governments in France, Greece, the Netherlands, Sweden and the UK, following the new and improved EU Excise Tax Directive that will be in force through 2018.

In addition, both Germany and the Czech Republic have implemented multi-year excise tax programs, calling for regular, reasonable increases. The first step in the German tax increase program will take place this May. PMI has announced a 20 Euro cents per pack of 19 cigarettes price increase across its portfolio, while the pure pass-on required is four Euro cents for *Marlboro* and 11 Euro cents for *L&M*.

This will be a benefit to profitability in the German market, where our decision to eventually follow competitive moves by also offering discounts on large pack sizes enabled us to re-gain 0.5 share points in the first quarter to 35.7%, thanks to the continued stellar performance of *L&M* and a stable *Marlboro* share. In parallel, we increased our share in the important German fine cut market by 0.9 points to 14.9%.

**(SLIDE 15.)**

In both Italy and France, industry volume was stable in the first quarter. In Italy, *Marlboro* has been performing well. Its quarterly share was down just 0.1% to 22.5% and, more importantly, its share amongst Young Adult Smokers, or "YAS", defined as legal age (minimum 18) to 24 year olds, has been growing again, following the launch of *Marlboro Gold Touch*, and remains well above its market share.

In France, our slightly improved market share performance has been driven by the continued growth of the premium-priced *Philip Morris* brand, whose quarterly share grew a further 0.6 points to 8.2% and the brand's YAS share has reached 16%.

More generally, we have witnessed a greater resilience of *Marlboro* across the EU Region, with share off just 0.1 point in the quarter at 17.8% and notable gains in Belgium, Hungary, the Netherlands and Poland. *L&M*'s strong momentum continued with a further 0.2 share point gain to 6.1% driven not only by Germany but also by Greece, the Netherlands, Portugal and Sweden.

**(SLIDE 16.)**

Our volume in the EEMA Region decreased by 0.8%, driven by the continued industry decline and low-end share losses in Ukraine, as well as some temporary logistical disruptions in North Africa, partly offset by favorable comparisons in Romania and Turkey where there were very large excise tax increases in January 2010 but none this year. Premium brands accounted for more than 40% of our Regional volume for the first time since the last quarter of 2008, with increased volumes for both *Marlboro* and *Parliament*.

The Russian market was influenced in the first quarter by the impact of rampant food price inflation, resulting from last summer's heat wave and drought, as well as by cigarette price increases. For the full year, we are forecasting industry volume will decline moderately and consumer uptrading may be more modest than originally expected. Our volume declined by 0.8% in the quarter and, at 25.5%, our 2011 Q1 share was up compared with the fourth quarter but down 0.2 share points year-on-year. This was driven by the timing of the implementation of tax-driven price increases, as well as increased price gaps at the bottom of the market.

**(SLIDE 17.)**

In Ukraine, we have observed a market contraction and a greater polarization with growth in the premium and super-low price segments. PMI is under-represented in the latter and, consequently, we lost 3.6 share points through the end of February compared to the same period in 2010. We have started to address this share issue by strengthening *Bond Street*.

The Turkish economy has been performing very strongly. During the first quarter of this year, industry volume in Turkey was down by a modest 2.1% compared to last year, when the market was significantly impacted by large tax-driven price increases. Our volume increased by 10.4%, driven by *Parliament*, *Muratti* and *L&M*.

Net revenues and adjusted OCI in the EEMA Region were down by 1.7% and 4.4% respectively, both excluding currency. However, also excluding the tax/price windfalls in Q1, 2010, adjusted OCI would have grown at a double digit rate.

**(SLIDE 18.)**

Our good share momentum continues. In the first quarter this year, our share in our top 30 OCI markets increased by 0.5 points to 35.8%.

**(SLIDE 19.)**

Our market share momentum is supported by the strong performance of our two key premium brands, *Marlboro* and *Parliament*.

*Marlboro* volume declined by 2.9% in the quarter, driven by the specific issues I mentioned about Japan, Mexico and Spain. In all the other markets together, *Marlboro* volume was up 0.5% in the quarter and the brand's global market share trend continues to improve.

**(SLIDE 20.)**

While many consumer goods sectors are being impacted by significant increases in the cost of raw materials, we are expecting stable US Dollar prices for the 2011 tobacco leaf crop, driven mainly by a larger crop in Brazil. Direct material prices are also stable so far this year despite higher energy costs.

For the full year, we expect manufacturing costs to increase broadly in line with inflation, partly offset by our $250 million annual productivity and cost reduction target, which we are fully on track to achieve.

**(SLIDE 21.)**

Strong pricing, most notably in Japan, as well as our continued focus on productivity improvements, resulted in an increase of 2.2 points during the first quarter in PMI's adjusted OCI margin, excluding currency and acquisitions.

**(SLIDE 22.)**

Our free cash flow increased by 22.6% in the quarter to $2.2 billion, and by 21.1% excluding currency, driven by higher net earnings, lower pension contributions and lower cash exit costs. We continue to focus on reducing inventory levels though it should be noted that year-end working capital requirements remain subject to the level of tax/price increases and our success in convincing governments around the world to implement strict forestalling regulations.

**(SLIDE 23.)**

During the first quarter, we spent some $1.36 billion to repurchase 22.2 million shares at an average price of $61.21. We continue to expect to spend about $5 billion in total this year on share repurchases.

**(SLIDE 24.)**

In summary, our results this year so far have been very strong and our business outlook is favorable, though the positive impact of Japan is difficult to measure at this time. We will increase our investment behind our portfolio of leading brands and are being slightly more conservative in our pricing assumptions to ensure that we remain competitive in our key markets. We have raised our 2011 reported diluted EPS guidance by twenty cents to $4.55 to $4.65 to reflect our positive business momentum and more favorable exchange rates, and we will continue to use our strong cash flow to generously reward our shareholders.

**(SLIDE 25.)**

Thank you. I will now be happy to answer your questions.

**NICK ROLLI**

Well, thank you for joining us. That concludes our call today. If you have any follow-up questions, please contact the investor relations team here in Lausanne.

Thank you again and have a nice day.

Exhibit 99.3

PHILIP MORRIS INTERNATIONAL

# 2011 First-Quarter Earnings Results

April 21, 2011

# Introduction

PHILIP MORRIS INTERNATIONAL

- Unless otherwise stated, we will be talking about results for the first-quarter 2011 and comparing them with the same period in 2010
- References to PMI volumes refer to PMI shipment data, unless otherwise stated
- Industry volume and market shares are the latest data available from a number of internal and external sources
- Acquisitions, for the purposes of this presentation, also include our business combination with Fortune Tobacco Corporation in the Philippines
- Organic volume refers to volume excluding acquisitions
- Net revenues exclude excise taxes
- OCI stands for Operating Companies Income, which is defined as operating income before general corporate expenses and the amortization of intangibles. OCI growth rates are on an adjusted basis which excludes asset impairment, exit and other costs
- Data tables showing adjustments to net revenues and OCI for currency, acquisitions, asset impairment, exit and other costs, free cash flow calculations, adjustments to EPS, and reconciliations to U.S. GAAP measures are at the end of today's web cast slides and are posted on our web site

# Forward-Looking and Cautionary Statements

PHILIP MORRIS
INTERNATIONAL

- This presentation and related discussion contain statements that, to the extent they do not relate strictly to historical or current facts, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations, and are not guarantees of future performance. They are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. PMI undertakes no obligation to publicly update or revise any forward-looking statements, except in the normal course of its public disclosure obligations. The risks and uncertainties relating to the forward-looking statements in this presentation include those described under Item 1A. "Risk Factors" in PMI's Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission

# First-Quarter 2011 Results

- Very strong financial performance:

| | Q1, 2011 Results[a] |
|---|---|
| Net Revenues | +2.7% |
| Adjusted OCI | +8.0% |
| Adjusted Diluted EPS | +14.4% |

- The events in Japan and North Africa only caused temporary disruptions that were not material to our financial results

(a) All financial growth rates exclude currency. Net revenues and OCI growth rates also exclude acquisitions
Source: PMI Financials

# First-Quarter 2011 Results

- Volume performance:

| | Q1, 2011 Results |
|---|---|
| Cigarette Volume | +1.6% |
| Organic Cigarette Volume | -3.3% |

- Lower organic volume driven by Japan, Mexico, Pakistan, Spain and Ukraine, as well as events in North Africa
- All other markets, representing over 80% of our volume base, grew at an organic rate of 1.0%

Source: PMI Financials

# 2011 EPS Guidance

- Reported diluted EPS guidance for 2011 is being raised by 20 cents to $4.55 to $4.65
- Compared to an adjusted diluted EPS of $3.87 in 2010, this corresponds to a growth rate of approximately 17.5% to 20% at prevailing exchange rates, and approximately 12.5% to 15% excluding currency
- Ten cents of the increased guidance are attributable to more favorable prevailing exchange rates
- Ten cents of the increased guidance are attributable to an improved business outlook, partly offset by investments in marketing and sales and slightly more conservative pricing assumptions

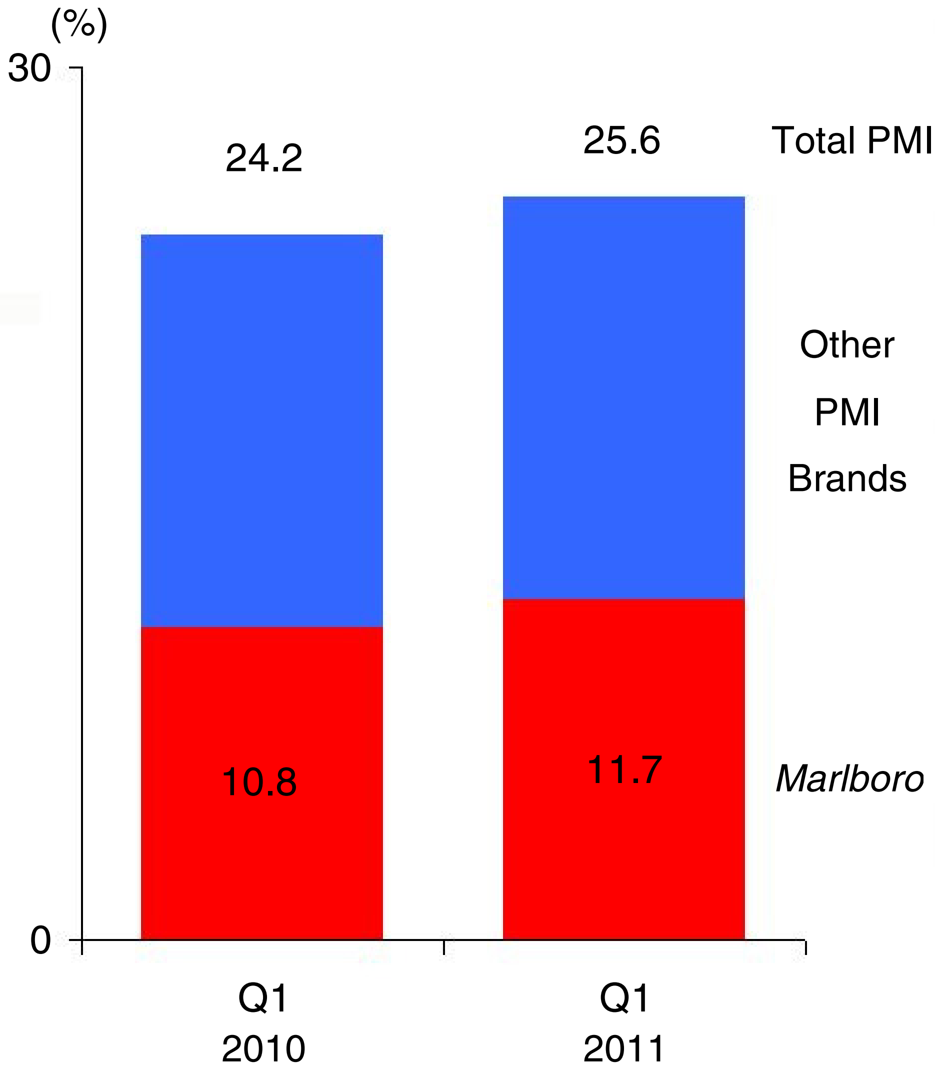
Source: PMI forecasts

# Japan

- Japan Tobacco facing significant supply disruptions in its home market
- PMI has sufficient in-market inventories
- Difficult to determine extent of likely uplift in PMI sales
- Second quarter will allow us to have better read on total consumption levels and extent to which consumers return to prior brand of choice

Source: PMI estimates

# Japan - PMI Market Shares






Source: Tobacco Institute of Japan

# Pricing Assumptions

- Continued economic difficulties and consumer affordability issues in certain markets, such as Greece, Spain and Ukraine
- Reaction to competitive price moves, such as selective tax absorption, brand repositioning, discounting and delays in the implementation of tax-driven price increases
- Pricing will nevertheless remain the key driver of PMI profitability growth and our 2011 pricing variance is expected to surpass the level achieved last year

# Asia Region

- PMI regional volume increased by 14.0% in Q1, driven by the business combination in the Philippines, though down 1.7% on an organic basis
- *Marlboro* volume in Asia increased by 0.7% overall and by 5.5% excluding Japan
- Strong volume and share performance in Indonesia, Korea and the Philippines
- Excellent regional financial results with net revenues up by 11.6% and adjusted OCI 34.0% higher, both excluding currency and acquisitions

Source: PMI Financials, PMI estimates and Hankook Research

# Australia - Plain Packaging

PHILIP MORRIS INTERNATIONAL

- The Australian Government has released an exposure draft of the bill, which would mandate plain packaging in 2012
- There is a public consultation through June 6
- PMI is firmly opposed to such a measure because:
  - there is no credible evidence that it will reduce smoking rates
  - it may undermine public health objectives by lowering prices and increasing illicit trade
  - it will violate intellectual property protections and breach international trade obligations
- PMI will consider all appropriate options, including legal action, to oppose the plain packaging proposal and protect its valuable brands

# Latin America & Canada Region

- Impact of disruptively large tax/price increase in Mexico (+8 Pesos/pack of 20):
  - Underlying industry volume decline estimated at 14%
  - Resilience of *Marlboro* and *Benson & Hedges*
- *Marlboro* market share up in all key markets in the Region
- Adjusted regional OCI up 15.7% and adjusted OCI margin 1.9 points higher in the first quarter, both excluding currency

*Marlboro*

Mexico - Market Share



Source: PMI Financials and PMI estimates

# EU Region

- Weak economies in Southern Europe driving industry volume decline and consumer downtrading
- Situation exacerbated in Spain by the introduction of a total indoor smoking ban, higher prices, a reduction in trade inventories and an increase in contraband. Full-year decline forecast at around 15%
- Greece continued to be a drag on PMI results in Q1, though comparables will be easier as of Q2
- Industry volume in EU Region was down by 2.5%, excluding Spain

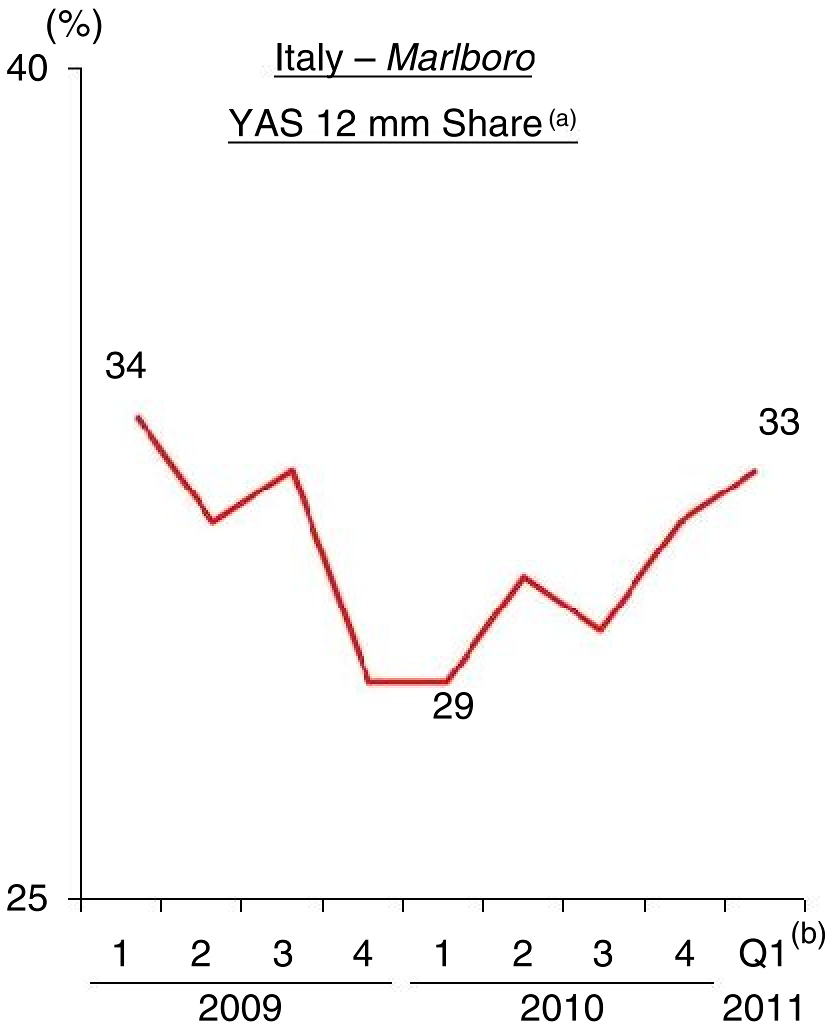
Source: PMI Financials and PMI estimates

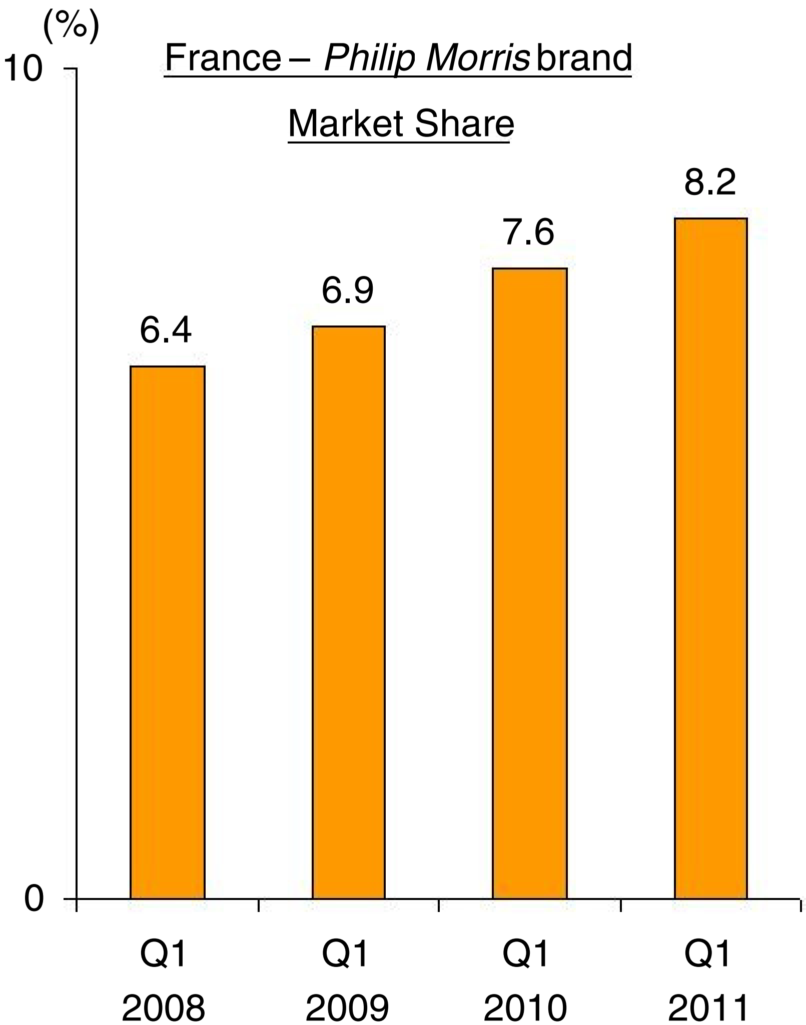
# EU Region

- PMI regional net revenues down 3.5% and adjusted OCI 2.3% lower in Q1, excluding currency, due to lower industry volume and a Regional share decline
- Structural excise tax improvements in 2011 in France, Greece, the Netherlands, Sweden and the UK
- Multi-year excise tax programs in Germany and the Czech Republic
- PMI has announced a 20 Euro cents per pack of 19 cigarettes price increase in Germany across its portfolio
- PMI cigarette market share in Germany up 0.5 points in Q1 and fine cut market share up 0.9 points

Source: PMI Financials and PMI estimates

# EU Region




(a) Young Adult Smokers: Legal Age (minimum 18)-24 years old; 12 mm: 12 months moving average
(b) Through end February
Source: PMI estimates and PMI Market Research

# EEMA Region

- PMI volume decreased by 0.8% driven by Ukraine and North Africa, partly offset by favorable comparisons in Romania and Turkey
- Strong premium portfolio performance with higher *Marlboro* and *Parliament* volumes
- Russian market impacted by rampant food price inflation and cigarette price increases. Moderate industry volume decline now expected in 2011 and only modest consumer uptrading
- PMI’s slight volume and share decline in Russia in Q1, 2011, attributable to the timing of price increases and increased price gaps at the bottom of the market

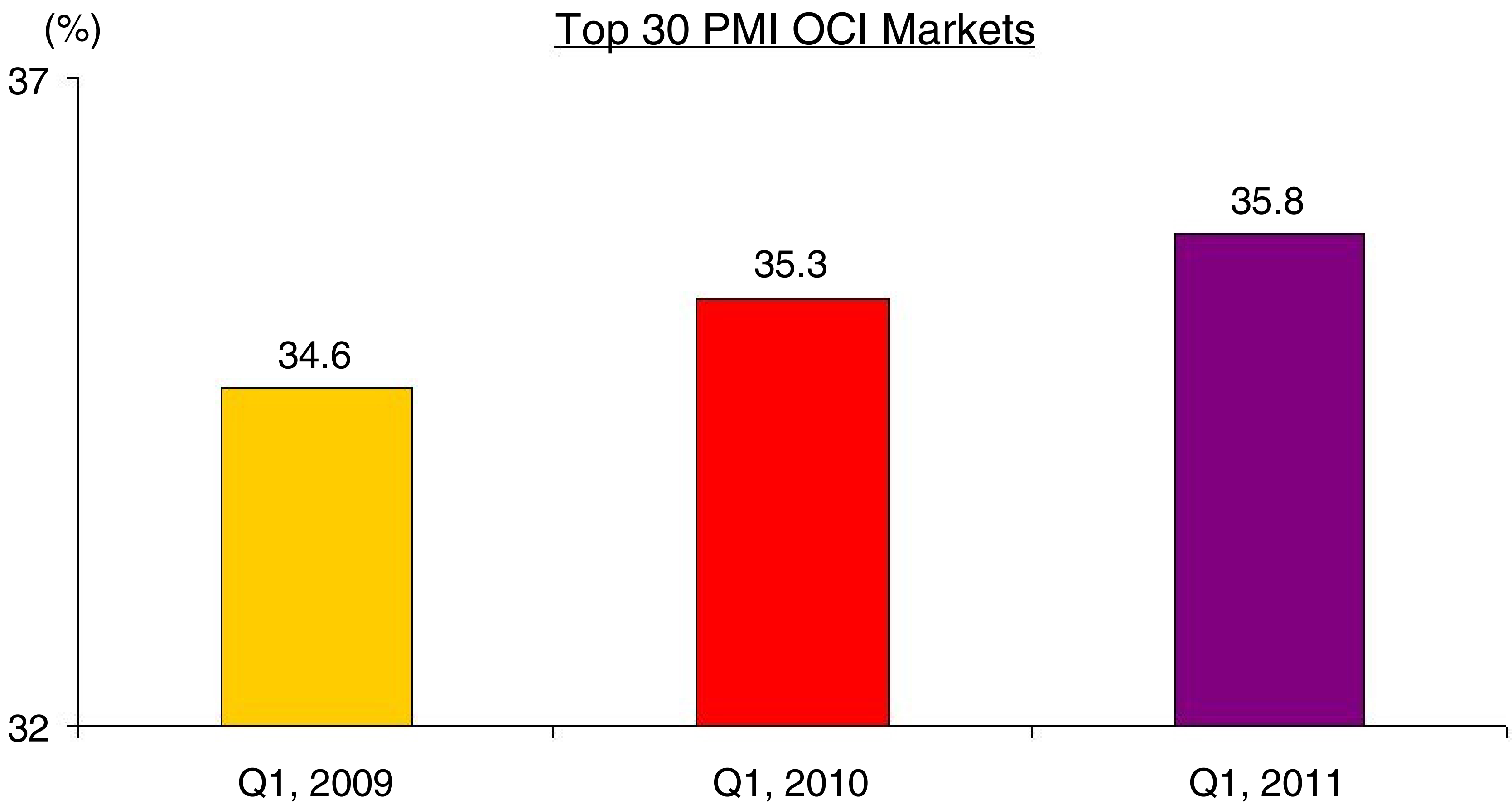
Source: PMI Financials and A.C. Nielsen

## EEMA Region

- Market contraction and polarization in Ukraine with premium and super-low segments growing
- PMI share loss of 3.6 points in Ukraine through end February, driven by under-representation at the bottom end of the market
- PMI volume increased by 10.4% in Turkey during the first quarter, driven by *Parliament*, *Muratti* and *L&M*
- Regional net revenues and adjusted OCI, both excluding currency, were down 1.7% and 4.4% respectively, in the quarter
- Excluding impact of tax/price windfalls in Q1, 2010, Regional adjusted OCI would have been up at double digit rate

Source: PMI Financials and A.C. Nielsen

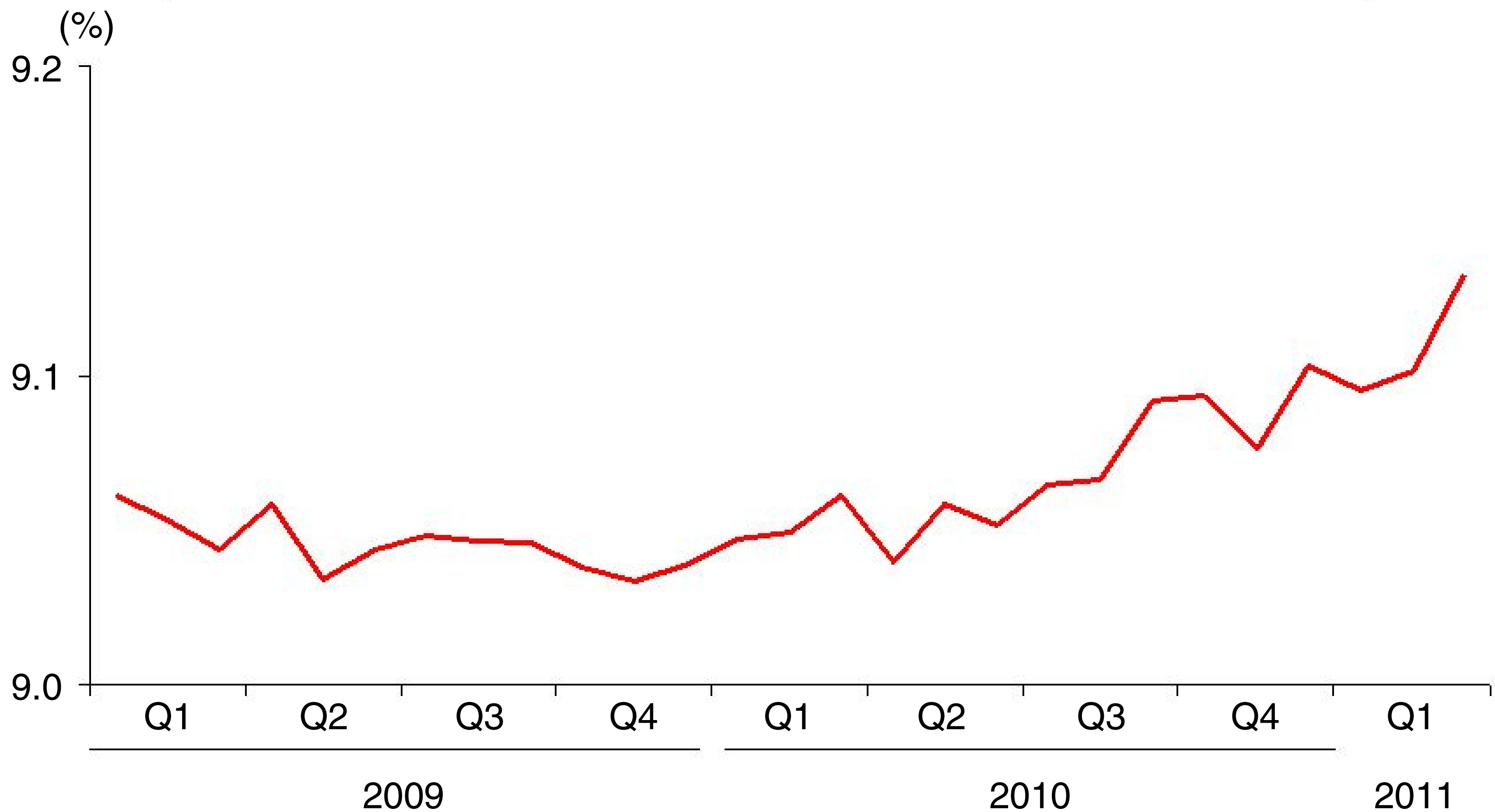
# PMI Market Share Developments




Note: Historical data adjusted for pro-forma inclusion of business combination with Fortune Tobacco in the Philippines
Source: PMI estimates

## *Marlboro* – Market Share

*Marlboro* Global Share of Market[a] – 12 Months Moving Average




(a) Excluding China and USA
Source: PMI estimates

# Tobacco Leaf and Direct Materials

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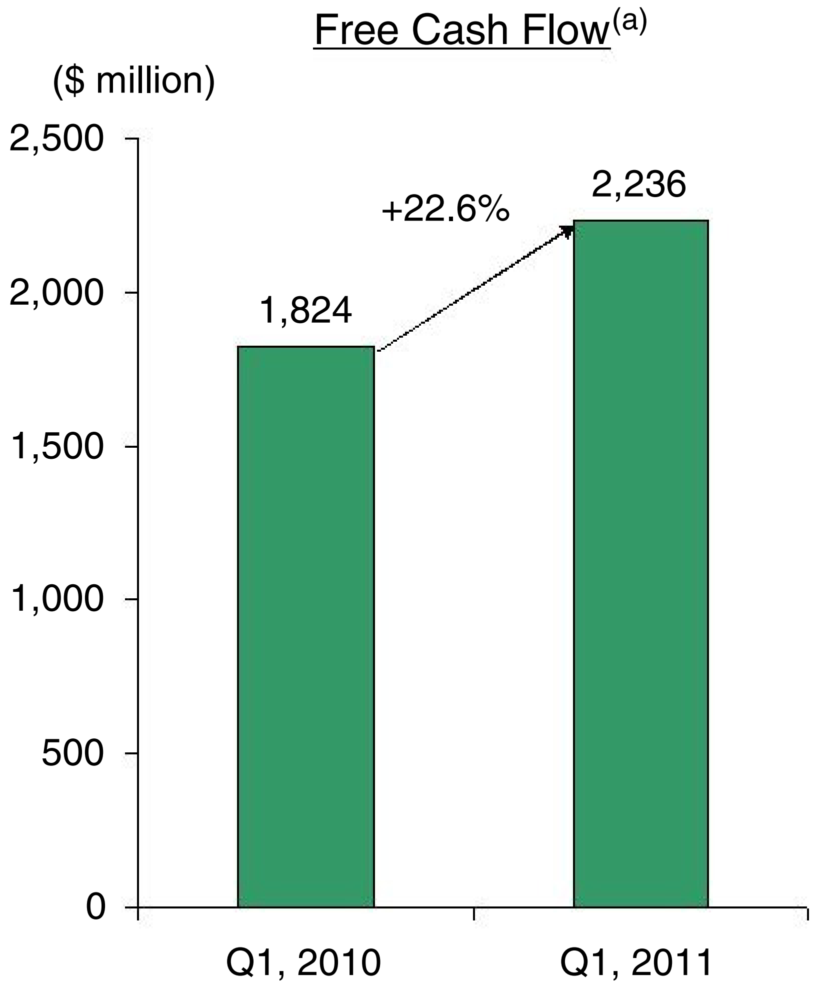
- Stable tobacco leaf prices expected in 2011, mainly due to a larger crop in Brazil
- Direct material costs stable
- Manufacturing costs expected to increase in line with inflation this year, partly offset by our $250 million annual productivity and cost reduction target, which we are fully on track to achieve

# Adjusted OCI Margins

| | First-Quarter | | |
|---|---|---|---|
| | 2011[a] | 2010 | Variance |
| EU | 49.3 % | 48.6 % | 0.7 pp |
| EEMA | 42.9 | 44.1 | (1.2) |
| Asia | 46.4 | 38.7 | 7.7 |
| LA&C | 33.2 | 31.3 | 1.9 |
| **Total** | **44.9** | **42.7** | **2.2** |

(a) Excluding currency and acquisitions
Source: PMI Financials

# Free Cash Flow




- Increase driven by higher net earnings, lower pension contributions and lower cash exit costs
- We continue to focus on reducing inventory levels
- Year-end working capital requirements remain subject to tax/price increases and forestalling regulations

(a) Free cash flow equals net cash provided by operating activities less capital expenditures
Source: PMI Financials

# Share Repurchase Program

- During the first quarter, PMI spent some $1.36 billion to purchase 22.2 million shares at an average of $61.21
- Full-year 2011 share repurchases expected to total around $5 billion

## Conclusions

PHILIP MORRIS INTERNATIONAL

- Strong first-quarter results
- Business outlook is favorable
- Positive impact of Japan difficult to measure
- Increased investment behind our portfolio of leading brands
- Slightly more conservative pricing assumptions
- 2011 reported diluted EPS guidance raised by 20 cents to $4.55 to $4.65:
  - Ten cents to reflect our positive business momentum
  - Ten cents to reflect more favorable exchange rates
- We will continue to use our strong cash flow to generously reward our shareholders

# 2011 First-Quarter Results

Questions & Answers

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
# Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Currency and Acquisitions

**For the Quarters Ended March 31,**

($ in millions)

(Unaudited)

| 2011 | | | | | | | | 2010 | | | % Change in Reported Net Revenues excluding Excise Taxes | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Less Currency | Reported Net Revenues excluding Excise Taxes & Currency | Less Acquisitions | Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions | | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Reported | Reported excluding Currency | Reported excluding Currency & Acquisitions |
| $ 6,415 | $ 4,414 | $ 2,001 | $ (106) | $ 2,107 | $ - | $ 2,107 | European Union | $ 6,748 | $ 4,564 | $ 2,184 | (8.4)% | (3.5)% | (3.5)% |
| 3,671 | 1,984 | 1,687 | (29) | 1,716 | - | 1,716 | EEMA | 3,356 | 1,610 | 1,746 | (3.4)% | (1.7)% | (1.7)% |
| 4,288 | 1,965 | 2,323 | 128 | 2,195 | 105 (1) | 2,090 | Asia | 3,562 | 1,689 | 1,873 | 24.0% | 17.2% | 11.6% |
| 2,156 | 1,376 | 780 | 24 | 756 | - | 756 | Latin America & Canada | 1,921 | 1,228 | 693 | 12.6% | 9.1% | 9.1% |
| **$ 16,530** | **$ 9,739** | **$ 6,791** | **$ 17** | **$ 6,774** | **$ 105** | **$ 6,669** | **PMI Total** | **$ 15,587** | **$ 9,091** | **$ 6,496** | **4.5%** | **4.3%** | **2.7%** |

| 2011 | | | | | | 2010 | % Change in Reported Operating Companies Income | | |
|---|---|---|---|---|---|---|---|---|---|
| Reported Operating Companies Income | Less Currency | Reported Operating Companies Income excluding Currency | Less Acquisitions | Reported Operating Companies Income excluding Currency & Acquisitions | | Reported Operating Companies Income | Reported | Reported excluding Currency | Reported excluding Currency & Acquisitions |
| $ 1,006 | $ (21) | $ 1,027 | $ - | $ 1,027 | European Union | $ 1,062 | (5.3)% | (3.3)% | (3.3)% |
| 722 | (12) | 734 | - | 734 | EEMA | 770 | (6.2)% | (4.7)% | (4.7)% |
| 1,093 | 102 | 991 | 23 (1) | 968 | Asia | 724 | 51.0% | 36.9% | 33.7% |
| 251 | 1 | 250 | - | 250 | Latin America & Canada | 217 | 15.7% | 15.2% | 15.2% |
| **$ 3,072** | **$ 70** | **$ 3,002** | **$ 23** | **$ 2,979** | **PMI Total** | **$ 2,773** | **10.8%** | **8.3%** | **7.4%** |

(1) Represents the business combination in the Philippines

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
# Reconciliation of Non-GAAP Measures

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Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
**For the Quarters Ended March 31,**
($ in millions)
(Unaudited)

| 2011 | | | | | | | | 2010 | | | % Change in Adjusted Operating Companies Income | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Reported Operating Companies Income** | **Less Asset Impairment & Exit Costs** | **Adjusted Operating Companies Income** | **Less Currency** | **Adjusted Operating Companies Income excluding Currency** | **Less Acquisitions** | **Adjusted Operating Companies Income excluding Currency & Acquisitions** | | **Reported Operating Companies Income** | **Less Asset Impairment & Exit Costs** | **Adjusted Operating Companies Income** | **Adjusted** | **Adjusted excluding Currency** | **Adjusted excluding Currency & Acquisitions** |
| $ 1,006 | $ (11) | $ 1,017 | $ (21) | $ 1,038 | $ - | $ 1,038 | European Union | $ 1,062 | $ - | $ 1,062 | (4.2)% | (2.3)% | (2.3)% |
| 722 | (2) | 724 | (12) | 736 | - | 736 | EEMA | 770 | - | 770 | (6.0)% | (4.4)% | (4.4)% |
| 1,093 | (2) | 1,095 | 102 | 993 | 23 [1] | 970 | Asia | 724 | - | 724 | 51.2% | 37.2% | 34.0% |
| 251 | (1) | 252 | 1 | 251 | - | 251 | Latin America & Canada | 217 | - | 217 | 16.1% | 15.7% | 15.7% |
| **$ 3,072** | **$ (16)** | **$ 3,088** | **$ 70** | **$ 3,018** | **$ 23** | **$ 2,995** | **PMI Total** | **$ 2,773** | **$ -** | **$ 2,773** | **11.4%** | **8.8%** | **8.0%** |

| 2011 | | | | | | | 2010 | | | % Points Change | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Adjusted Operating Companies Income excluding Currency** | **Net Revenues excluding Excise Taxes & Currency[2]** | **Adjusted Operating Companies Income Margin excluding Currency** | **Adjusted Operating Companies Income excluding Currency & Acquisitions** | **Net Revenues excluding Excise Taxes, Currency & Acquisitions[2]** | **Adjusted Operating Companies Income Margin excluding Currency & Acquisitions** | | **Adjusted Operating Companies Income** | **Net Revenues excluding Excise Taxes[2]** | **Adjusted Operating Companies Income Margin** | **Adjusted Operating Companies Income Margin excluding Currency** | **Adjusted Operating Companies Income Margin excluding Currency & Acquisitions** |
| $ 1,038 | $ 2,107 | 49.3% | $ 1,038 | $ 2,107 | 49.3% | European Union | $ 1,062 | $ 2,184 | 48.6% | 0.7 | 0.7 |
| 736 | 1,716 | 42.9% | 736 | 1,716 | 42.9% | EEMA | 770 | 1,746 | 44.1% | (1.2) | (1.2) |
| 993 | 2,195 | 45.2% | 970 | 2,090 | 46.4% | Asia | 724 | 1,873 | 38.7% | 6.5 | 7.7 |
| 251 | 756 | 33.2% | 251 | 756 | 33.2% | Latin America & Canada | 217 | 693 | 31.3% | 1.9 | 1.9 |
| **$ 3,018** | **$ 6,774** | **44.6%** | **$ 2,995** | **$ 6,669** | **44.9%** | **PMI Total** | **$ 2,773** | **$ 6,496** | **42.7%** | **1.9** | **2.2** |

(1) Represents the business combination in the Philippines
(2) For the calculation of net revenues excluding excise taxes, currency and acquisitions refer to previous slide

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
# Reconciliation of Non-GAAP Measures

PHILIP MORRIS INTERNATIONAL

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
**For the Quarters Ended March 31,**
(Unaudited)

| | 2011 | 2010 | % Change |
|---|---|---|---|
| **Reported Diluted EPS** | **$ 1.06** | **$ 0.90** | **17.8%** |
| Adjustments: | | | |
| Tax items | (0.01) | - | |
| Asset impairment and exit costs | 0.01 | - | |
| **Adjusted Diluted EPS** | **$ 1.06** | **$ 0.90** | **17.8%** |
| Less: | | | |
| Currency impact | 0.03 | | |
| **Adjusted Diluted EPS, excluding Currency** | **$ 1.03** | **$ 0.90** | **14.4%** |

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
# Reconciliation of Non-GAAP Measures

PHILIP MORRIS INTERNATIONAL

Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
**For the Quarters Ended March 31,**
($ in millions)
(Unaudited)

| | 2011 | 2010 | % Change |
|---|---|---|---|
| **Net cash provided by operating activities** [(a)] | **$ 2,395** | **$ 1,974** | **21.3%** |
| Less: | | | |
| Capital expenditures | 159 | 150 | |
| **Free cash flow** | **$ 2,236** | **$ 1,824** | **22.6%** |
| Less: | | | |
| Currency impact | 28 | | |
| **Free cash flow, excluding currency** | **$ 2,208** | **$ 1,824** | **21.1%** |

(a) Operating Cash Flow

PHILIP MORRIS INTERNATIONAL

# 2011 First-Quarter Results

April 21, 2011