Subject: ACCEPTED FORM TYPE 8-K (0001193125-11-030317)
Date: 10-Feb-2011 13:06

THE FOLLOWING SUBMISSION HAS BEEN ACCEPTED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION.

COMPANY: Philip Morris International Inc.
FORM TYPE: 8-K NUMBER OF DOCUMENTS: 44
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FILE NUMBER(S):
1. 001-33708

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PLEASE REFER TO THE ACCESSION NUMBER LISTED ABOVE FOR FUTURE INQUIRIES.

REGISTRANT(S):

1. CIK: 0001413329
COMPANY: Philip Morris International Inc.
FORM TYPE: 8-K
FILE NUMBER(S):
1. 001-33708

ITEM(S):

1. 2.02
2. 9.01

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): February 10, 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 February 10, 2011, Philip Morris International Inc. (the "Company") issued a press release announcing its financial results for the quarter ended December 31, 2010 and the fiscal year ended December 31, 2010 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 February 10, 2011 (furnished pursuant to Item 2.02)

99.2 Conference Call Transcript dated February 10, 2011 (furnished pursuant to Item 2.02)

99.3 Webcast Slides dated February 10, 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: February 10, 2011

EXHIBIT INDEX

Exhibit No.	Description
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99.3	Webcast Slides dated February 10, 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 2010 RESULTS; PROVIDES 2011 EARNINGS PER SHARE FORECAST

2010 Full-Year

- Reported diluted earnings per share of $3.92, up by 21.0%, or by 17.3% excluding currency, versus $3.24 in 2009
- Adjusted diluted earnings per share of $3.87, as detailed in the attached Schedule 16, up by 17.6%, or by 14.0% excluding currency, versus $3.29 in 2009
- Reported net revenues, excluding excise taxes, up by 8.7% to $27.2 billion, or by 5.9% excluding currency, driven by favorable pricing of $1.7 billion
- Reported operating companies income up by 11.6% to $11.5 billion, or by 8.3% excluding currency
- Adjusted operating companies income, which reflects the items detailed in the attached Schedule 15, up by 10.3% to $11.5 billion, or by 7.0% excluding currency
- Operating income up by 11.6% to $11.2 billion
- Completed its 2008-2010 gross cumulative productivity and cost savings program, realizing gross savings of $1.5 billion
- Completed, ahead of schedule, its 2010-2012 working capital improvement initiative of $750 million to $1 billion
- Free cash flow, defined as net cash provided by operating activities less capital expenditures, up by 21.7% to $8.7 billion, and up by the same percentage excluding currency, as detailed in the attached Schedule 19
- Repurchased 97.1 million shares of its common stock for $5.0 billion
- Increased the regular quarterly dividend during 2010 by 10.3% to an annualized rate of $2.56 per common share
- Announced, during 2010, a new business combination in the Philippines; a tobacco leaf sourcing initiative in Brazil; and, in 2011, a new business structure in Vietnam

2010 Fourth-Quarter

- Reported diluted earnings per share of $0.96, up by 20.0%, or by 18.8% excluding currency, versus $0.80 in 2009
- Adjusted diluted earnings per share of $0.97, up by 19.8%, or by 18.5% excluding currency, versus $0.81 in 2009
- Reported net revenues, excluding excise taxes, up by 4.8% to $7.0 billion, or by 5.4% excluding currency, driven by favorable pricing of $580 million
- Reported operating companies income up by 12.3% to $2.8 billion, or by 11.6% excluding currency

- Adjusted operating companies income, which reflects the items detailed in the attached Schedule 11, up by 12.2% to 2.8 billion, or by 11.5% excluding currency
- Operating income up by 12.4% to $2.7 billion
- Free cash flow, defined as net cash provided by operating activities less capital expenditures, up by 9.6% to $1.4 billion, or by 9.1% excluding currency as detailed in the attached Schedule 19

2011

- Forecasts 2011 full-year reported diluted earnings per share to be in a range of $4.35 to $4.45, at prevailing exchange rates, versus $3.92 in 2010; excluding a favorable currency impact of approximately $0.10, reported diluted earnings per share are projected to increase by approximately 8.5% to 11%, or by approximately 10% to 12.5% versus adjusted diluted earnings per share of $3.87 in 2010
- Announces planned share repurchases in 2011 of approximately $5.0 billion against its previously communicated three-year share repurchase program of $12 billion, initiated in May 2010
- Announces a one-year gross productivity and cost savings target for 2011 of approximately $250 million

NEW YORK, February 10, 2011 – Philip Morris International Inc. (NYSE / Euronext Paris: PM) today announced its 2010 full-year and fourth-quarter results, and provided its forecast for 2011 full-year reported diluted earnings per share.

"With much of the developed world still grappling with high unemployment levels, heavy debt burdens and high budget deficits, we nevertheless posted a solid financial performance in the fourth-quarter and for the full year," said Louis C. Camilleri, Chairman and Chief Executive Officer. "We surpassed our earnings per share and cash flow targets by a comfortable margin and, importantly, we grew our global market share for the third year in succession, driven by the improved performance of our flagship brand, *Marlboro*".

"Our strong and growing cash flow in 2010 underpinned our ability to generously reward our shareholders through higher dividends and ongoing share repurchase programs, generating a very robust total shareholder return for the full year of 27.2%. Our confidence in our strong business momentum is such that we are now pleased to announce our 2011 full-year adjusted earnings guidance, excluding currency, to be up by approximately 10% to 12.5%, compared to $3.87 in 2010."

Conference Call

A conference call, hosted by Louis C. Camilleri, Chairman and Chief Executive Officer, and Hermann Waldemer, Chief Financial Officer, with members of the investment community and news media, will be webcast at 1:00 p.m., Eastern Time, on February 10, 2011. Access is available at www.pmi.com.

Dividends and Share Repurchase Program

During the fourth quarter of 2010, PMI announced a regular quarterly dividend of $0.64 per common share. PMI increased its quarterly dividend in September 2010 by 10.3% to an annualized rate of $2.56 per common share. Since its spin-off in March 2008, PMI has increased its regular quarterly dividend by 39.1% from the initial annualized dividend rate of $1.84 per common share.

In April 2010, PMI completed its 2008-2010 share repurchase program of $13 billion and, in May 2010, initiated a new, three-year share repurchase program of $12 billion. During the fourth quarter, PMI spent $1.1 billion to repurchase 18.6 million shares of its common stock, as shown in the table below.

2010 PMI Share Repurchases

	Value ($ Mio.)	Shares 000
$13 billion, two-year program, completed in April 2010	2,074	41,120
$12 billion, three-year program, May-June 2010	765	16,609
$12 billion, three-year program, July-September 2010	1,100	20,725
$12 billion, three-year program, October-December 2010	1,088	18,599
Total	**5,027**	**97,053**

Since May 2008, when PMI began its first share repurchase program, the company has spent an aggregate total of $16.0 billion to repurchase 334 million shares, or 15.8% of the shares outstanding at the time of the spin in March 2008.

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.

Acquisitions and Agreements

In February 2010, PMI announced that its affiliate, Philip Morris Philippines Manufacturing Inc. (PMPMI), and Fortune Tobacco Corporation (FTC), one of the five largest privately-owned cigarette companies in the world, had signed an agreement to unite their respective business activities by transferring selected assets and liabilities of PMPMI and FTC to a new company called PMFTC, with each party holding an equal economic interest. The Philippines is the sixth largest global cigarette market, excluding the USA, with an estimated 2010 volume of 101 billion cigarettes.

In June 2010, PMI announced that its affiliate, Philip Morris Brasil Industria e Comercio Ltda. (PMB), was to begin directly sourcing tobacco leaf from tobacco farmers in Southern Brazil following separate agreements with two current leaf suppliers in Brazil, Alliance One Brasil Exportadora de Tabacos Ltda. (AOB), a subsidiary of Alliance One International, Inc., and Universal Leaf Tabacos Ltda. (ULT), a subsidiary of Universal Corporation. This initiative has enhanced PMI's direct presence in the supply chain and is expected to provide approximately 10% of PMI's global leaf requirements, bringing PMI's worldwide level of direct farmer leaf purchases to approximately 40%.

Effective January 1, 2011, PMI established a new business structure with Vietnam National Tobacco Corporation (Vinataba) in Vietnam. Under the terms of the agreement, PMI will further develop its existing joint venture with Vinataba through the licensing of *Marlboro* and the establishment of a PMI-controlled branch for the business building of PMI brands. The Vietnamese market is the fourteenth largest in the world, excluding the USA, with an estimated 2010 volume of 77 billion cigarettes.

In January 2011, PMI announced that it would no longer pursue its intention to acquire Productora Tabacalera de Colombia, Protabaco Ltda. Whilst approval to proceed with the acquisition was granted by the Superintendent of Industry and Trade of Colombia in October 2010, the approval was subject to several significant conditions and constraints that ultimately proved to be too burdensome. After an exhaustive review of its options, PMI concluded that the transaction, in light of the conditions, would not satisfy the strategic and financial objectives that were originally envisaged.

Productivity, Cost Savings and Working Capital Improvement Programs

PMI announces the completion of its three-year, gross cumulative productivity and cost savings program of $1.5 billion originally communicated at the time of the spin-off in March 2008. In total, gross savings of approximately $1.5 billion were realized, primarily through: in-sourcing of volumes formerly produced by PM USA; manufacturing footprint optimization; streamlining of the European Operations Center and regional offices for the Asia and Latin America & Canada Regions; the implementation of shared service centers in Krakow and Buenos Aires; product specification changes; and, back-office rationalization in the EU Region.

PMI announces the completion, two years ahead of schedule, of its initiative to generate an additional $750 million to $1.0 billion in cash through improvements in working capital over the period 2010-2012. Originally communicated in November 2009, the target was achieved at the upper end of the range, driven mainly by improved net receivables, the favorable impact of improved forestalling regulations, and a reduction of inventory durations.

PMI announces a one-year, gross productivity and cost savings target in 2011 of approximately $250 million to be achieved through additional product specification changes, improved manufacturing performance and various procurement-related initiatives.

2011 Full-Year Forecast

PMI forecasts 2011 full-year reported diluted earnings per share to be in a range of $4.35 to $4.45, at prevailing exchange rates, versus $3.92 in 2010; excluding a favorable currency impact of approximately $0.10, reported diluted earnings per share are projected to increase by approximately 8.5% to 11%, or by approximately 10% to 12.5% 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.

2010 FULL-YEAR AND FOURTH-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 adjusted 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)

	Full-Year				Fourth-Quarter			
	2010	2009	Change	Excl. Curr.	2010	2009	Change	Excl. Curr.
European Union	$ 8,811	$ 9,041	(2.5)%	(0.6)%	$2,193	$2,366	(7.3)%	(0.3)%
Eastern Europe, Middle East & Africa	7,409	6,795	9.0%	7.9%	1,878	1,873	0.3%	1.8%
Asia	7,935	6,528	21.6%	12.2%	2,106	1,714	22.9%	15.5%
Latin America & Canada	3,053	2,671	14.3%	7.6%	860	764	12.6%	8.9%
Total PMI	**$27,208**	**$25,035**	**8.7%**	**5.9%**	**$7,037**	**$6,717**	**4.8%**	**5.4%**

Net revenues of $27.2 billion were up by 8.7% for the full-year 2010, including favorable currency of $694 million. Excluding currency, net revenues increased by 5.9%, primarily driven by favorable pricing of $1.7 billion across all business segments and acquisitions, partly offset by unfavorable volume/mix of $814 million, mainly due to: in the EU, Germany, Greece and Spain; in EEMA, Romania, Turkey and Ukraine, partly offset by Algeria; and, in Asia, Japan, partly offset by Indonesia, Korea and the Philippines. Excluding currency and acquisitions, net revenues increased by 3.4%.

In the fourth-quarter 2010, net revenues of $7.0 billion were up by 4.8%, despite unfavorable currency of $40 million. Excluding currency, net revenues increased by 5.4%, primarily driven by favorable pricing of $580 million across all business segments and the impact of acquisitions, partly offset by unfavorable volume/mix of $391 million, mainly due to: in the EU, Greece, Poland and Spain, partly offset by France and Italy; in EEMA, Romania, Turkey and Ukraine; and, in Asia, Japan, partly offset by Indonesia and Korea. Approximately 20% of the favorable pricing variance in the fourth quarter was generated by the revaluation of inventory at PMI's distributor in Japan following the tax-driven price increase of October 1, 2010. Excluding currency and acquisitions, net revenues increased by 2.8%.

OPERATING COMPANIES INCOME

PMI Operating Companies Income ($ Millions)

	Full-Year				Fourth-Quarter			
	2010	2009	Change	Excl. Curr.	2010	2009	Change	Excl. Curr.
European Union	$ 4,311	$ 4,506	(4.3)%	(0.1)%	$1,031	$1,109	(7.0)%	2.9%
Eastern Europe, Middle East & Africa	3,152	2,663	18.4%	14.3%	740	681	8.7%	3.8%
Asia	3,049	2,436	25.2%	11.1%	790	503	57.1%	41.4%
Latin America & Canada	953	666	43.1%	30.3%	254	214	18.7%	11.2%
Total PMI	**$11,465**	**$10,271**	**11.6%**	**8.3%**	**$2,815**	**$2,507**	**12.3%**	**11.6%**

Operating income increased by 11.6% to $11.2 billion for the full-year 2010. Reported operating companies income was up by 11.6% to $11.5 billion, including favorable currency of $343 million. Excluding currency, operating companies income was up by 8.3%, primarily driven by higher pricing, partly offset by unfavorable volume/mix and higher costs. Excluding currency and the favorable impact of acquisitions which contributed 1.1 percentage points of growth, operating companies income was up by 7.2%.

Adjusted operating companies income for the full-year 2010 grew by 10.3%, as shown in the table below and detailed on Schedule 15.

Fourth-quarter 2010 operating income increased by 12.4% to $2.7 billion. Reported operating companies income was up by 12.3% to $2.8 billion, including favorable currency of $18 million. Operating companies income, excluding currency, was up by 11.6%, primarily driven by higher pricing, partly offset by unfavorable volume/mix. Excluding currency and the favorable impact of acquisitions, which contributed approximately 0.8 percentage points of growth, operating companies income was up by 10.8%.

Adjusted operating companies income for the fourth-quarter grew by 12.2% as shown in the table below and detailed on Schedule 11.

PMI Operating Companies Income ($ Millions)

	Full-Year			Fourth-Quarter		
	2010	2009	Change	2010	2009	Change
Reported OCI	$11,465	$10,271	11.6%	$2,815	$2,507	12.3%
Colombian investment & cooperation agreement charge	0	135		0	0	
Asset impairment & exit costs	47	29		27	26	
Adjusted OCI	**$11,512**	**$10,435**	**10.3%**	**$2,842**	**$2,533**	**12.2%**
Adjusted OCI Margin*	42.3%	41.7%	0.6 p.p.	40.4%	37.7%	2.7 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 for the full-year 2010 by 0.4 percentage points to 42.1%, as detailed on Schedule 15. Excluding currency and acquisitions, which includes our business combination with Fortune Tobacco Corporation in the Philippines, adjusted operating companies income margin was up by 0.9 percentage points to 42.6%.

Fourth-quarter 2010 adjusted operating companies income margin, excluding the impact of currency, was up by 2.2 percentage points to 39.9%, as detailed on Schedule 11. Excluding currency and acquisitions, adjusted operating companies income margin was up by 2.6 percentage points to 40.3%.

SHIPMENT VOLUME & MARKET SHARE

PMI Cigarette Shipment Volume by Segment (Million Units)

	Full-Year			Fourth-Quarter		
	2010	2009	Change	2010	2009	Change
European Union	222,964	235,300	(5.2)%	53,347	56,413	(5.4)%
Eastern Europe, Middle East & Africa	289,312	298,760	(3.2)%	72,047	76,663	(6.0)%
Asia	282,290	226,204	24.8%	70,702	56,973	24.1%
Latin America & Canada	105,290	103,779	1.5%	28,854	28,176	2.4%
Total PMI	**899,856**	**864,043**	**4.1%**	**224,950**	**218,225**	**3.1%**

2010 Full-Year Results

PMI's cigarette shipment volume of 899.9 billion units was up by 4.1%. In the EU, cigarette shipment volume decreased by 5.2%, predominantly due to: lower total markets, notably in the Baltic States, Greece, Poland and Spain, due to tax-driven pricing and adverse economic conditions; and lower market share, mainly in the Czech Republic, Germany, Greece and Portugal. In EEMA, cigarette shipment volume declined by 3.2%, primarily due to: Romania, reflecting a lower total market and lower market share following excise tax increases in 2009 and January and July, 2010, as well as unfavorable trade inventory movements; Turkey, reflecting the unfavorable impact of a significant excise tax increase in January 2010; and Ukraine, reflecting the unfavorable impact of steep tax-driven price increases in January and July, 2010; partly offset by increases in Russia, mainly driven by higher market share and favorable distributor inventory movements, and North Africa, mainly in Algeria, reflecting higher market share. In Asia, PMI's cigarette shipment volume increased by 24.8%, primarily driven by growth in Indonesia, reflecting a higher total market, Korea, driven by higher share, and the favorable impact of the business combination with Fortune Tobacco Corporation in the Philippines of 57.4 billion units. This was partially offset by Japan, due to the lower total market reflecting the impact of the October 1, 2010, tax increase and unfavorable trade inventory movements, partly offset by higher market share. In Latin America & Canada, cigarette shipment volume increased by 1.5%, driven mainly by Canada, reflecting a higher tax-paid market, and Mexico, driven by trade inventory movements ahead of the significant January 1, 2011, excise tax increase.

On an organic basis, which excludes acquisitions, PMI's cigarette shipment volume was down by 2.5%.

Total cigarette shipments of *Marlboro* of 297.4 billion units were down by 1.5%, due primarily to a decrease in the EU of 5.8%, mainly reflecting: lower share in Germany, lower share in Greece, driven by excise tax and VAT-driven price increases, and a lower total market in Spain; a decrease in EEMA of 1.5%, primarily due to Turkey, reflecting tax-driven price increases, Romania and Russia, partially offset by strong growth in North Africa; an increase in Asia of 3.0%, led by robust growth in Korea and the Philippines, offset by Japan following the significant tax increase of October 1, 2010; and growth in Latin America and Canada of 2.1%, driven by Colombia and Mexico.

Total cigarette shipments of *L&M* of 88.6 billion units were down by 2.4%, with shipment growth in the EU, primarily in Germany and Greece, more than offset by EEMA, primarily due to declines in Russia and Ukraine, partly offset by growth in Algeria.

Due mainly to double-digit declines in shipments in Spain and Ukraine, partially offset by growth in Poland and Russia, total cigarette shipments of *Chesterfield* of 36.4 billion units declined by 3.3%. Total cigarette shipments of *Parliament* of 35.2 billion units were down by 5.7%, due primarily to declines in Japan and Turkey, partially offset by growth in Korea. Total cigarette shipments of *Lark* of 28.7 billion units decreased by 6.0%, due primarily to declines in Japan, partially offset by growth in Turkey. Total cigarette shipments of *Bond Street* of 44.1 billion units increased by 5.7%, driven by double-digit growth in Russia, partly offset by declines in Turkey and Ukraine.

Total shipment volume of other tobacco products (OTP), in cigarette equivalent units, grew by 35.1%, benefitting from the acquisition of Swedish Match South Africa (Proprietary) Limited. Excluding acquisitions, shipment volume of OTP was down by 4.3%, primarily due to lower volume in Poland, reflecting the impact of the excise tax alignment of pipe tobacco to roll-your-own in the first quarter of 2009, partly offset by the growth of fine cut in Belgium, Germany and Spain.

Total shipment volume for cigarettes and OTP was up by 4.8%, or down by 2.5% excluding acquisitions.

PMI's market share performance for the full-year was stable, or registered growth, in a number of key markets, including Algeria, Argentina, Belgium, Brazil, Egypt, Indonesia, Japan, Korea, Mexico, the Netherlands, Pakistan, Poland, Russia, Singapore, Switzerland and Thailand.

2010 Fourth-Quarter Results

PMI's cigarette shipment volume of 224.9 billion units was up by 3.1%. In the EU, cigarette shipment volume decreased by 5.4%, predominantly due to: lower total markets, notably in Italy, reflecting the impact of price increases in September 2010, Poland and Spain; and lower market share in Greece, Italy and Poland. In EEMA, cigarette shipment volume declined by 6.0%, primarily due to Romania, reflecting a lower market share and unfavorable trade inventory movements, and Ukraine, reflecting the unfavorable impact of steep tax-driven price increases in January and July, 2010, as well as lower share driven by low-price competition. In Asia, PMI's cigarette shipment volume increased by 24.1%, primarily reflecting growth in Indonesia, driven by a higher total market, and Korea, reflecting higher market share, as well as the favorable impact of the business combination with Fortune Tobacco Corporation in the Philippines of 17.9 billion units. This was partially offset by Japan, reflecting a lower total market, down by 45.8%, driven by unfavorable trade inventory movements following the October 1, 2010, tax increase, and by a lower total market in Pakistan, down by 7.8%, mainly due to consumer down-trading to the non-tax paid industry due to steep excise tax-driven price increases since early 2009. In Latin America & Canada, cigarette shipment volume increased by 2.4%, driven mainly by Mexico reflecting trade inventory movements in anticipation of price increases in December 2010 prior to a significant excise tax increase in January 2011.

On an organic basis, which excludes acquisitions, PMI's cigarette shipment volume was down by 5.1%.

Total cigarette shipments of *Marlboro* of 72.9 billion units were down by 3.8%, due primarily to a decrease in the EU of 4.5%, mainly reflecting: lower share in Greece, driven by excise tax and VAT-driven price increases, and a lower total market in Spain; a decrease in EEMA of 4.8%, primarily due to Romania, and Turkey, partially offset by robust growth in Algeria; a decrease in Asia of 8.7%, almost entirely due to Japan, partly offset by growth in Indonesia, Korea and the Philippines; and an increase in Latin America and Canada of 7.5%, driven by Mexico.

Total cigarette shipments of *L&M* of 22.4 billion units were down by 1.6%, with growth in Asia and Latin America & Canada more than offset by decreases in the EU, mainly Poland and Spain, and in EEMA, primarily due to Russia and Ukraine, partly offset by growth in Turkey. Due mainly to double-digit declines in shipments in Spain and Ukraine, partially offset by overall growth in the EU, driven by Poland and Portugal, total cigarette shipments of *Chesterfield* of 8.8 billion units declined by 6.8%. Total cigarette shipments of *Parliament* of 8.5 billion units were down by 8.9%, due primarily to declines in Japan and Turkey, partially offset by growth in Korea. Total cigarette shipments of *Lark* of 5.9 billion units decreased by 25.6%, due primarily to declines in Japan and Turkey. Total cigarette shipments of *Bond Street* of 10.9 billion units decreased by 1.9%, with double-digit growth in Russia, offset by declines in Turkey and Ukraine.

Total shipment volume of other tobacco products (OTP), in cigarette equivalent units, grew by 1.0%, driven primarily by growth in Germany and Spain.

Total shipment volume for cigarettes and OTP was up by 3.0%, or down by 4.9% excluding acquisitions.

PMI's market share performance in the quarter was stable, or registered growth, in a number of key markets, including Algeria, Argentina, Belgium, Brazil, Egypt, Indonesia, Japan, Korea, Mexico, the Netherlands, Saudi Arabia, Singapore, Thailand and Turkey.

EUROPEAN UNION REGION (EU)

2010 Full-Year Results

In the EU, net revenues decreased by 2.5% to $8.8 billion, including unfavorable currency of $172 million. Excluding currency, net revenues declined by 0.6%, primarily reflecting higher pricing of $391 million, which included the unfavorable impact of a partial absorption of excise tax increases in Greece, which was more than offset by $452 million of unfavorable volume/mix. The unfavorable volume/mix was primarily attributable to a lower total market and share in Greece, lower total markets in Italy and Spain, and lower share in Germany. Adjusted for the aforementioned unfavorable impact in Greece, net revenues in the EU, excluding currency, increased by 1.0%.

Operating companies income decreased by 4.3% to $4.3 billion, due predominantly to unfavorable volume/mix of $341 million and unfavorable currency of $191 million, partially offset by favorable pricing. Excluding the impact of currency, operating companies income was essentially flat, primarily reflecting favorable pricing offset by unfavorable volume/mix, the partial excise tax absorption in Greece and higher costs. Adjusted operating companies income decreased by 4.3%, as shown in the table below and detailed on Schedule 15. Adjusted operating companies income, excluding currency, was essentially flat.

EU Operating Companies Income ($ Millions)

	Full-Year			Fourth-Quarter		
	2010	2009	Change	2010	2009	Change
Reported OCI	$4,311	$4,506	(4.3)%	$1,031	$1,109	(7.0)%
Asset impairment & exit costs	27	29		7	26	
Adjusted OCI	**$4,338**	**$4,535**	**(4.3)%**	**$1,038**	**$1,135**	**(8.5)%**
Adjusted OCI Margin*	49.2%	50.2%	(1.0) p.p.	47.3%	48.0%	(0.7) 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 0.2 percentage points to 50.4%, as detailed on Schedule 15.

The total cigarette market in the EU declined by 4.6%, mainly reflecting a lower total market in Greece, Poland and Spain, principally due to 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 5.2%, primarily reflecting the impact of the lower total market as described above and lower share. Shipment volume of *Marlboro* decreased by 5.8%, mainly due to lower total markets as well as lower share in Germany and Greece. Shipment volume of *L&M* increased by 2.9%, driven by share growth primarily in Germany, Greece, the Netherlands, Slovakia and Switzerland.

PMI's market share in the EU was down by 0.2 share points to 38.6% as gains, primarily in Belgium, Hungary, the Netherlands and Poland, were offset by share declines, mainly in the Czech Republic, Germany, Greece and Portugal. *Marlboro*'s share in the EU was down by 0.3 share points to 18.1%, reflecting a higher share in Italy, Poland and the Netherlands, offset by lower share in Austria, France, Germany and Greece. *L&M*'s market share in the EU grew by 0.3 points to 6.1%, primarily driven by gains in the Czech Republic, Belgium, Denmark, Germany, Greece, the Netherlands, Slovakia, Spain, Sweden and Switzerland.

2010 Fourth-Quarter Results

In the EU, net revenues decreased by 7.3% to $2.2 billion, including unfavorable currency of $166 million. Excluding currency, net revenues declined by 0.3%, primarily reflecting higher pricing of $86 million which included the unfavorable impact of partial absorption of excise tax increases in Greece, which was offset by $93 million of unfavorable volume/mix. The unfavorable volume/mix was primarily attributable to a lower total market and share in Greece and a lower total market in Spain and Poland. Adjusted for the unfavorable impact in Greece, net revenues in the EU, excluding currency, increased by 2.0%.

Operating companies income decreased by 7.0% to $1.0 billion, due predominantly to unfavorable currency of $110 million and unfavorable volume/mix of $70 million, partially offset by favorable pricing. Excluding the impact of currency, operating companies income increased by 2.9%. Adjusted operating companies income decreased by 8.5%, as shown in the table above and detailed on Schedule 11. Adjusted operating companies income, excluding currency, increased by 1.1%. Excluding the impact of currency, adjusted operating companies income margin was up by 0.7 percentage points to 48.7%, as detailed on Schedule 11.

The total cigarette market in the EU declined by 5.0%, mainly reflecting a lower total market in Greece, Poland and Spain, principally due to 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 5.4%, primarily reflecting the impact of the lower total market as described above and lower share. Shipment volume of *Marlboro* decreased by 4.5%, mainly due to the lower total market and lower share in Germany and Greece. Shipment volume of *L&M* decreased by 3.0%, driven by a lower total market, partially offset by higher share.

PMI's market share in the EU was down by 0.5 share points to 37.9%, mainly due to lower share in Greece. *Marlboro*'s share in the EU was down by 0.2 share points to 18.0%, reflecting a higher share in the Netherlands, Belgium, Poland and Spain, offset by lower share in Austria, France, Germany and Greece. *L&M*'s market share in the EU grew by 0.1 point to 6.0%, primarily driven by gains in Germany, Greece, the Netherlands, Slovakia and Switzerland.

EU Key Market Commentaries

In the Czech Republic, the total cigarette market was down by 2.7% in 2010, reflecting the impact of tax-driven price increases implemented in April 2010. PMI's shipments were down by 7.9%. Market share was down by 2.7 points to 47.8%, mainly reflecting share declines for lower-margin local brands, partially offset by a higher share for *Marlboro*, up by 0.1 point to 6.8%, and for *L&M*, up by 0.5 points to 7.5%.

In France, the total cigarette market was down by a modest 0.3% in 2010 and PMI's shipments were down marginally by 0.1%. Market share was down by 0.2 points to 40.4%, and whilst *Marlboro*'s share declined by 0.6 points to 25.9%, it was more than offset by a higher share for the premium *Philip Morris* brand, up by 0.8 points to 7.8%.

In Germany, the total cigarette market was essentially flat in the fourth-quarter 2010, reflecting the favorable impact of increased sales to the trade by competitors, and down by 1.9% for the full year. PMI's shipments were down by 4.7% in 2010, due primarily to the lower total market and a lower share of 35.5%, down by 1.0 share point. Compared to the third quarter of 2010, PMI's market share in the fourth quarter was up by 0.9 points, from 34.9% to 35.8%. Although *Marlboro*'s share decreased by 1.6 share points to 21.4% in 2010, reflecting the continued impact of price sensitivity among adult consumers, it was up by 0.5 points in the fourth quarter compared to the third quarter of 2010, from 21.1% to 21.6%. *L&M*, the fastest-growing cigarette brand on the market in 2010, gained 1.0 share point to reach 9.3%.

In Italy, the total cigarette market was down by 2.4% in 2010, primarily reflecting the impact of price increases in December 2009 and September 2010. PMI's shipments were down by 3.1%, primarily reflecting a lower total market. Although market share declined slightly by 0.2 points to 53.9%, *Marlboro*'s share increased by 0.2 points to 22.8%, partially supported by the June 2010 launch of *Marlboro Core Flavor*.

In Poland, the total cigarette market was down by 6.2% in 2010, reflecting the impact of tax-driven price increases in the first quarter of 2010, as well as price increases in the fourth quarter of 2010 in anticipation of excise and VAT increases in January 2011. Although PMI's shipments were down by 3.3%, market share was up by 1.2 points to 37.3%, primarily reflecting higher *Marlboro* share, up by 1.0 share point to 10.4%, assisted by the launch of *Marlboro Frost* in the first quarter of 2010.

In Spain, the total cigarette market was down by 11.0% in 2010, largely due to the continuing adverse economic environment, the impact of the price increase in January 2010, the June 2010 VAT-driven price increase and the December 2010 excise tax-driven price increase. Whilst PMI's shipments were down by 11.5%, PMI's market share remained firm, down by just 0.2 points to 31.7%, mainly reflecting a stable *Marlboro* share at 15.3%, and a growing *L&M* share, up by 0.4 points to 6.3%, offset by a decline in the share of *Chesterfield*, down by 0.7 points to 8.7%.

EASTERN EUROPE, MIDDLE EAST & AFRICA REGION (EEMA)

2010 Full-Year Results

In EEMA, net revenues increased by 9.0% to $7.4 billion, including favorable currency of $76 million. Excluding the impact of currency, net revenues increased by 7.9%, primarily driven by favorable pricing of $605 million, which more than offset unfavorable volume/mix of $147 million. Excluding the impact of currency and acquisitions, net revenues grew by 6.7%.

Operating companies income increased by 18.4% to $3.2 billion, including favorable currency of $107 million. Excluding the impact of currency, operating companies income increased by 14.3%, primarily reflecting favorable pricing that more than offset unfavorable volume/mix. Excluding the impact of currency and acquisitions, operating companies income was up by 13.3%.

EEMA Operating Companies Income ($ Millions)

	Full-Year			Fourth-Quarter		
	2010	2009	Change	2010	2009	Change
Reported OCI	$3,152	$2,663	18.4%	$ 740	$ 681	8.7%
Asset impairment & exit costs	0	0		0	0	
Adjusted OCI	**$3,152**	**$2,663**	**18.4%**	**$ 740**	**$ 681**	**8.7%**
Adjusted OCI Margin*	42.5%	39.2%	3.3 p.p.	39.4%	36.4%	3.0 p.p.

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

Excluding the impact of currency and acquisitions, adjusted operating companies income margin was up by 2.4 percentage points to 41.6%, as detailed on Schedule 15.

PMI's cigarette shipment volume decreased by 3.2%, principally due to: Romania, mainly due to a lower total market and lower market share following excise tax increases in 2009 and 2010; Turkey, driven by the significant tax-driven price increase of January, 2010; and Ukraine, due to the unfavorable impact of excise tax-driven price increases in 2009 and 2010, as well as lower share driven by low-price competition, partly offset by growth in Russia and North Africa, principally Algeria. Shipment volume of *Marlboro* was down by 1.5%, principally due to declines in Romania, Russia and Turkey, partly offset by strong growth in North Africa.

2010 Fourth-Quarter Results

In EEMA, net revenues increased by 0.3% to $1.9 billion, despite unfavorable currency of $29 million. Excluding the impact of currency, net revenues increased by 1.8%, primarily driven by favorable pricing of $94 million, which more than offset unfavorable volume/mix of $60 million, with growth, notably in Russia, partially offset by a lower total market in Turkey, following the steep January 2010 excise tax increase, and Ukraine, reflecting lower shipment volume, driven by the impact of tax-driven price increases, and lower share.

Operating companies income increased by 8.7% to $740 million, including favorable currency of $33 million. Excluding the impact of currency, operating companies income increased by 3.8%, primarily reflecting favorable pricing that more than offset unfavorable volume/mix. Excluding the impact of currency, adjusted operating companies income margin was up by 0.7 percentage points to 37.1%, as detailed on Schedule 11.

PMI's cigarette shipment volume decreased by 6.0%, principally due to Romania, down by 33.9%, reflecting a lower market share and unfavorable inventory movements, and Ukraine, down by 34.8%, reflecting the excise tax-driven price increase on July 1, 2010, and lower share. Shipment volume of *Marlboro* was down by 4.8%, principally due to declines in Romania and Turkey, partly offset by strong growth in the Middle East and North Africa.

EEMA Key Market Commentaries

In Russia, PMI's shipment volume increased by 2.0% in 2010. Whilst shipment volume of PMI's premium portfolio was down by 5.8%, primarily due to a decline in *Marlboro* of 10.9%, shipment volume of above premium *Parliament* was up by 0.3%. In the mid-price segment, shipment volume was down by 20.6% and up by 6.4% for *L&M* and *Chesterfield*, respectively. In the low price segment, shipment volume of *Bond Street*, *Next* and *Optima* was up by 21.2%, 8.6% and 3.1%, respectively. PMI's market share of 25.5%, as measured by A.C. Nielsen, was up slightly by 0.1 point. Market share for *Parliament*, in the above premium segment, was unchanged; *Marlboro*, in the premium segment, was down by 0.3 share points; *L&M* in the mid-price segment was down by 0.7 share points; *Chesterfield* in the mid-price segment was up by 0.2 share points; and *Bond Street* in the low price segment was up by 1.1 share points.

In Turkey, the total cigarette market declined by 13.2%, primarily due to the steep January 2010 excise tax increase. PMI's shipment volume declined by 12.9%. PMI's market share, as measured by A.C. Nielsen, declined by 0.9 points to 42.1%, due to *Parliament*, down by 1.2 share points, *Marlboro*, down by 1.4 share points, *L&M*, down by 0.6 share points, and *Bond Street*, down by 0.8 points, partially offset by *Lark*, up by 2.9 share points. Compared to all previous quarters in the year, PMI's market share was up in the fourth quarter of 2010, reaching 44.7%, up by 1.5 share points versus the fourth quarter of 2009.

In Ukraine, the total cigarette market declined by 14.7%. PMI's shipment volume decreased by 21.1%, 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, was down by 1.1 points to 34.9%, shares for premium *Marlboro*, *Parliament* and *Virginia Slims* were essentially flat, offset by lower share for mid-price *L&M* and brands in the low price segment.

ASIA REGION

2010 Full-Year Results

In Asia, net revenues increased by 21.6% to $7.9 billion, including favorable currency of $611 million. Excluding the impact of currency, net revenues increased by 12.2%, reflecting the favorable impact of the new business combination in the Philippines, and pricing of $491 million, primarily in Australia, Indonesia and Japan, including the favorable pricing variance in the fourth quarter generated by the revaluation of inventory at PMI's distributor, partly offset by unfavorable volume/mix of $243 million, mainly due to the unfavorable impact of steep excise tax-driven price increases in Japan effective October 1, 2010. Excluding this impact, volume/mix was a favorable $96 million. Excluding the impact of currency and the favorable impact of the new business combination in the Philippines, net revenues increased by 3.8%.

Operating companies income grew by 25.2% to reach $3.0 billion. Excluding the impact of currency, operating companies income increased by 11.1%. Excluding the impact of currency and the favorable impact of the new business combination in the Philippines, operating companies income increased by 7.7%. Adjusted operating companies income increased by 26.0% as shown in the table below and detailed on Schedule 15.

Asia Operating Companies Income ($ Millions)

	Full-Year			Fourth-Quarter		
	2010	**2009**	**Change**	**2010**	**2009**	**Change**
Reported OCI	$3,049	$2,436	25.2%	$ 790	$ 503	57.1%
Asset impairment & exit costs	20	0		20	0	
Adjusted OCI	**$3,069**	**$2,436**	**26.0%**	**$ 810**	**$ 503**	**61.0%**
Adjusted OCI Margin*	38.7%	37.3%	1.4 p.p.	38.5%	29.3%	9.2 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 essentially flat at 37.2%, as detailed on Schedule 15. Excluding currency and the impact of the new business combination in the Philippines, adjusted operating companies income margin was up by 1.4 percentage points to 38.7%, as detailed on Schedule 15.

PMI's cigarette shipment volume increased 24.8%, mainly due to: 57.4 billion units from the new business combination in the Philippines, and growth in Indonesia and Korea, partially offset by a decline in Japan of 12.3%, reflecting the significant impact of the October 1, 2010, tax increase. Shipment volume of *Marlboro* was up by 3.0%, due to strong growth in Korea and the Philippines, offset by the aforementioned excise tax impact in Japan.

2010 Fourth-Quarter Results

In Asia, net revenues increased by 22.9% to $2.1 billion, including favorable currency of $127 million. Excluding the impact of currency, net revenues increased by 15.5%, reflecting the favorable impact of the new business combination in the Philippines, and pricing of $345 million, primarily in Australia, Indonesia and Japan, including the aforementioned favorable inventory revaluation, partly offset by unfavorable volume/mix of $251 million, mainly due to the unfavorable impact of steep excise tax-driven price increases in Japan effective October 1, 2010. Excluding this impact, volume/mix was a favorable $15 million. Excluding the impact of currency and the favorable impact of the new business combination in the Philippines, net revenues increased by 5.5%.

Operating companies income grew by 57.1% to reach $790 million. Excluding the impact of currency, operating companies income increased by 41.4%, primarily reflecting favorable pricing that more than offset unfavorable volume/mix. Excluding the impact of currency and the favorable impact of the new business combination in the Philippines, operating companies income increased by 37.2%. Adjusted operating companies income increased by 61.0% as shown in the table above and detailed on Schedule 11.

Excluding the impact of currency, adjusted operating companies income margin increased by 7.6 percentage points to 36.9%, as detailed on Schedule 11. Excluding currency and the impact of the new business combination in the Philippines, adjusted operating companies income margin was up by 8.9 percentage points to 38.2%, as detailed on Schedule 11.

PMI's cigarette shipment volume increased 24.1%, mainly due to 17.9 billion units from the new business combination in the Philippines, and growth in Indonesia, Korea and Thailand, partially offset by a decline in Japan of 42.9%, reflecting the impact of the significant October 1, 2010, tax increase. Shipment volume of *Marlboro* was down by 8.7%, with growth in Indonesia, Korea and the Philippines offset by the aforementioned excise tax impact in Japan.

<u>Asia Key Market Commentaries</u>

In Indonesia, the total cigarette market was up by 3.9% in 2010. PMI's shipment volume increased by 3.7% to reach a record high. Market share was essentially flat at 29.1%, mainly due to price sensitivity as the premium price *Sampoerna A* and *Dji Sam Soe* transitioned through key retail price points, partially offset by growth from mid-price *U Mild*.

In Japan, the total cigarette market decreased by 7.4% in 2010, reflecting the unfavorable impact of the significant October 1, 2010, tax-driven price increases. Whilst PMI's shipment volume was down by 12.3%, market share of 24.4% was up, for the second consecutive year, by 0.4 points, reflecting growth in *Marlboro*'s share to 11.0%, up by 0.5 points. Supported by the February and July 2010 national roll-out of *Marlboro Black Gold* and *Marlboro Ice Blast*, *Marlboro* is the fastest growing cigarette brand family in terms of share performance. Market shares of *Lark* and the *Philip Morris* brand were essentially flat at 6.6% and 2.3%, respectively. In the fourth quarter of 2010, the total cigarette market decreased by 45.8%, reflecting the unfavorable impact of the aforementioned tax increase. Whilst PMI's shipment volume was down by 42.9%, market share of 25.7% was up by 1.4 points, driven by growth in *Marlboro*'s share to 11.7%, up by 1.3 points. PMI's share performance in the fourth quarter of 2010 benefitted, in part, from lower trade inventory movements prior to the excise tax-driven price increases of October 1, 2010, and subsequently a lower payback thereafter.

In Korea, whilst the total cigarette market decreased by 4.5% in 2010, PMI's shipment volume increased by 12.3%, driven by market share increases. PMI's market share reached a record 16.9%, up by a strong 2.5 points, driven by *Marlboro*, *Parliament* and *Virginia Slims*, up by 1.0, 1.3 and 0.3 share points, respectively.

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 over 100% in 2010, and market share was 92.8% on a pro-forma basis for the full year. Excluding the favorable impact of this new business combination of 57.4 billion units, cigarette shipments of PMI brands increased by 10.7%, fueled by the growth of *Marlboro* and the *Philip Morris* brand.

<u>LATIN AMERICA & CANADA REGION</u>

<u>2010 Full-Year Results</u>

In Latin America & Canada, net revenues increased by 14.3% to $3.1 billion, including favorable currency of $179 million. Excluding the impact of currency, net revenues increased by 7.6%, reflecting favorable pricing of $175 million, primarily in Argentina, Canada and Mexico, and favorable volume/mix of $28 million.

Operating companies income increased by 43.1% to $953 million. Excluding the impact of currency, operating companies income increased by 30.3%, primarily reflecting favorable pricing and volume/mix, as well as a favorable comparison related to the 2009 investment and cooperation agreement charge in

Colombia. Excluding the impact of currency and acquisitions, operating companies income was up by 30.8%. Adjusted operating companies income grew by 19.0% as shown in the table below and detailed on Schedule 15.

Latin America & Canada Operating Companies Income ($ Millions)

	Full-Year			Fourth-Quarter		
	2010	2009	Change	2010	2009	Change
Reported OCI	$ 953	$ 666	43.1%	$ 254	$ 214	18.7%
Colombian investment & cooperation agreement charge	0	135		0	0	
Asset impairment & exit costs	0	0		0	0	
Adjusted OCI	**$ 953**	**$ 801**	**19.0%**	**$ 254**	**$ 214**	**18.7%**
Adjusted OCI Margin*	31.2%	30.0%	1.2 p.p.	29.5%	28.0%	1.5 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 0.2 percentage points to 30.2%, as detailed on Schedule 15. Excluding currency and acquisitions, adjusted operating companies income margin was up by 0.3 percentage points to 30.3%, as detailed on Schedule 15.

PMI's cigarette shipment volume increased by 1.5%, driven mainly by Argentina, Canada and Mexico, partly offset by declines in Brazil and Colombia. Shipment volume of *Marlboro* grew by 2.1%, mainly due to growth in Mexico.

2010 Fourth-Quarter Results

In Latin America & Canada, net revenues increased by 12.6% to $860 million, including favorable currency of $28 million. Excluding the impact of currency, net revenues increased by 8.9%, reflecting favorable pricing of $55 million, primarily in Argentina, Canada and Mexico, and favorable volume/mix of $13 million.

Operating companies income increased by 18.7% to $254 million. Excluding the impact of currency, operating companies income increased by 11.2%, primarily reflecting favorable pricing and volume/mix. Excluding the impact of currency and acquisitions, operating companies income was up by 11.7%. Adjusted operating companies income grew by 18.7% as shown in the table above and detailed on Schedule 11.

Excluding the impact of currency, adjusted operating companies income margin increased by 0.6 percentage points to 28.6%, as detailed on Schedule 11. Excluding currency and acquisitions, adjusted operating companies income margin was up by 0.7 percentage points to 28.7%, as detailed on Schedule 11.

PMI's cigarette shipment volume increased by 2.4%, driven mainly by Mexico, reflecting favorable trade inventory movements ahead of the steep excise tax increase of January 1, 2011, partly offset by declines in Colombia. Shipment volume of *Marlboro* grew by 7.5%, mainly due to growth in Colombia and Mexico.

Latin America & Canada Key Market Commentaries

In Argentina, the total cigarette market was slightly down by 0.8% in 2010. PMI's cigarette shipment volume increased by 0.7%, and market share increased by 1.2 points to a record 74.8%, fueled by *Marlboro*, up by 0.3 share points to 23.6%, and the *Philip Morris* brand, up by a robust 1.4 share points to 38.2%.

In Canada, the total tax-paid cigarette market was up by 4.3% in the fourth-quarter 2010 and by 9.5% for the full year, mainly reflecting government enforcement measures to reduce contraband sales since mid-2009. Although PMI's cigarette shipment volume increased by 8.0% for the full year, market share declined by 0.5 points to 33.3%, with gains from premium price *Belmont*, up by 0.1 share point, and low price brands *Next* and *Quebec Classique*, up by 3.4 and 1.0 share points, respectively. These were offset by mid-price *Number 7* and *Canadian Classics*, and low-price *Accord*, down by 1.2, 1.6 and 1.2 share points, respectively.

In Mexico, the total cigarette market was up by 2.5% in 2010. PMI's cigarette shipment volume increased by 3.8%, and market share grew by 0.8 points to 70.1%, led by *Marlboro*, up by 0.9 share points to 49.1%, and by *Delicados*, the second best selling brand in the market, up by 0.3 points to a record 11.9%. In the fourth quarter of 2010, the total market was up by 8.5%, driven by favorable trade inventory movements ahead of the steep excise tax increase of January 1, 2011. PMI's cigarette shipment volume increased by 9.8% in the quarter, and market share grew by 0.8 points to 70.2%, fueled by *Marlboro*, up by 1.9 points to 49.7%.

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 160 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 foreign economies and local 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; 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-Q for the quarter ended September 30, 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.

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Schedule 1

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

	2010	2009	% Change
Net revenues	**$17,807**	**$17,008**	**4.7%**
Cost of sales	2,501	2,546	(1.8)%
Excise taxes on products [1]	10,770	10,291	4.7%
Gross profit	4,536	4,171	8.8%
Marketing, administration and research costs	1,694	1,638	
Asset impairment and exit costs	27	26	
Operating companies income	**2,815**	**2,507**	**12.3%**
Amortization of intangibles	23	20	
General corporate expenses	49	46	
Operating income	**2,743**	**2,441**	**12.4%**
Interest expense, net	216	225	
Earnings before income taxes	2,527	2,216	14.0%
Provision for income taxes	717	632	13.4%
Net earnings	1,810	1,584	14.3%
Net earnings attributable to noncontrolling interests	58	62	
Net earnings attributable to PMI	**$ 1,752**	**$ 1,522**	**15.1%**
Per share data:[2]			
Basic earnings per share	**$ 0.96**	**$ 0.80**	**20.0%**
Diluted earnings per share	**$ 0.96**	**$ 0.80**	**20.0%**

(1) The segment detail of excise taxes on products sold for the quarters ended December 31, 2010 and 2009 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 December 31, 2010 and 2009 are shown on Schedule 4, Footnote 1.

Schedule 2

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

		Net Revenues excluding Excise Taxes				
		European Union	**EEMA**	**Asia**	**Latin America & Canada**	**Total**
2010	Net Revenues [1]	$ 6,997	$ 4,263	$ 4,141	$ 2,406	$ 17,807
	Excise Taxes on Products	(4,804)	(2,385)	(2,035)	(1,546)	(10,770)
	Net Revenues excluding Excise Taxes	**2,193**	**1,878**	**2,106**	**860**	**7,037**
2009	Net Revenues	$ 7,562	$ 3,912	$ 3,439	$ 2,095	$ 17,008
	Excise Taxes on Products	(5,196)	(2,039)	(1,725)	(1,331)	(10,291)
	Net Revenues excluding Excise Taxes	**2,366**	**1,873**	**1,714**	**764**	**6,717**
Variance	Currency	(166)	(29)	127	28	(40)
	Acquisitions	—	—	171	—	171
	Operations	(7)	34	94	68	189
	Variance Total	**(173)**	**5**	**392**	**96**	**320**
	Variance Total (%)	(7.3)%	0.3%	22.9%	12.6%	4.8%
	Variance excluding Currency	(7)	34	265	68	360
	Variance excluding Currency (%)	(0.3)%	1.8%	15.5%	8.9%	5.4%
	Variance excluding Currency & Acquisitions	(7)	34	94	68	189
	Variance excluding Currency & Acquisitions (%)	(0.3)%	1.8%	5.5%	8.9%	2.8%

(1) 2010 Currency (decreased) increased net revenues as follows:

European Union	$(516)
EEMA	(42)
Asia	256
Latin America & Canada	63
	$(239)

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

	Operating Companies Income				
	European Union	**EEMA**	**Asia**	**Latin America & Canada**	**Total**
2010	$ 1,031	$ 740	$ 790	$ 254	$2,815
2009	1,109	681	503	214	2,507
% Change	(7.0)%	8.7%	57.1%	18.7%	12.3%
Reconciliation:					
For the quarter ended December 31, 2009	**$ 1,109**	**$ 681**	**$ 503**	**$ 214**	**$2,507**
2009 Asset impairment and exit costs	26	—	—	—	26
2010 Asset impairment and exit costs	(7)	—	(20)	—	(27)
Acquired businesses	—	—	41	(1)	40
Currency	(110)	33	79	16	18
Operations	13	26	187	25	251
For the quarter ended December 31, 2010	**$ 1,031**	**$ 740**	**$ 790**	**$ 254**	**$2,815**

Schedule 4

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

	Net Earnings Attributable to PMI	Diluted E.P.S.
2010 Net Earnings Attributable to PMI	$ 1,752	$ 0.96[1]
2009 Net Earnings Attributable to PMI	$ 1,522	$ 0.80[1]
% Change	15.1%	20.0%
Reconciliation:		
2009 Net Earnings Attributable to PMI	**$ 1,522**	**$ 0.80[1]**
Special Items:		
2009 Asset impairment and exit costs	17	0.01
2010 Asset impairment and exit costs	(11)	(0.01)
Currency	15	0.01
Interest	—	—
Change in tax rate	4	—
Impact of lower shares outstanding and share-based payments	2	0.04
Operations	203	0.11
2010 Net Earnings Attributable to PMI	**$ 1,752**	**$ 0.96[1]**

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

	Q4 2010	Q4 2009
Net earnings attributable to PMI	$1,752	$1,522
Less distributed and undistributed earnings attributable to share-based payment awards	8	6
Net earnings for basic and diluted EPS	$1,744	$1,516
Weighted-average shares for basic EPS	1,809	1,899
Plus incremental shares from assumed conversions:		
Stock Options	2	6
Weighted-average shares for diluted EPS	1,811	1,905

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

	2010	2009	% Change
Net revenues	**$67,713**	**$62,080**	**9.1%**
Cost of sales	9,713	9,022	7.7%
Excise taxes on products [1]	40,505	37,045	9.3%
Gross profit	17,495	16,013	9.3%
Marketing, administration and research costs	5,983	5,713	
Asset impairment and exit costs	47	29	
Operating companies income	**11,465**	**10,271**	**11.6%**
Amortization of intangibles	88	74	
General corporate expenses	177	157	
Operating income	**11,200**	**10,040**	**11.6%**
Interest expense, net	876	797	
Earnings before income taxes	10,324	9,243	11.7%
Provision for income taxes	2,826	2,691	5.0%
Net earnings	7,498	6,552	14.4%
Net earnings attributable to noncontrolling interests	239	210	
Net earnings attributable to PMI	**$ 7,259**	**$ 6,342**	**14.5%**
Per share data:[2]			
Basic earnings per share	**$ 3.93**	**$ 3.25**	**20.9%**
Diluted earnings per share	**$ 3.92**	**$ 3.24**	**21.0%**

(1) The segment detail of excise taxes on products sold for the years ended December 31, 2010 and 2009 is shown on Schedule 6.
(2) Net earnings and weighted-average shares used in the basic and diluted earnings per share computations for the years ended December 31, 2010 and 2009 are shown on Schedule 8, Footnote 1.

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

		Net Revenues excluding Excise Taxes				
		European Union	EEMA	Asia	Latin America & Canada	Total
2010	Net Revenues [1]	$ 28,050	$15,928	$15,235	$ 8,500	$ 67,713
	Excise Taxes on Products	(19,239)	(8,519)	(7,300)	(5,447)	(40,505)
	Net Revenues excluding Excise Taxes	**8,811**	**7,409**	**7,935**	**3,053**	**27,208**
2009	Net Revenues	$ 28,550	$13,865	$12,413	$ 7,252	$ 62,080
	Excise Taxes on Products	(19,509)	(7,070)	(5,885)	(4,581)	(37,045)
	Net Revenues excluding Excise Taxes	**9,041**	**6,795**	**6,528**	**2,671**	**25,035**
Variance	Currency	(172)	76	611	179	694
	Acquisitions	3	80	548	—	631
	Operations	(61)	458	248	203	848
	Variance Total	**(230)**	**614**	**1,407**	**382**	**2,173**
	Variance Total (%)	(2.5)%	9.0%	21.6%	14.3%	8.7%
	Variance excluding Currency	(58)	538	796	203	1,479
	Variance excluding Currency (%)	(0.6)%	7.9%	12.2%	7.6%	5.9%
	Variance excluding Currency & Acquisitions	(61)	458	248	203	848
	Variance excluding Currency & Acquisitions (%)	(0.7)%	6.7%	3.8%	7.6%	3.4%

(1) 2010 Currency increased (decreased) net revenues as follows:

European Union	$ (488)
EEMA	193
Asia	1,415
Latin America & Canada	437
	$1,557

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

	Operating Companies Income				
	European Union	EEMA	Asia	Latin America & Canada	Total
2010	$ 4,311	$3,152	$3,049	$ 953	$11,465
2009	4,506	2,663	2,436	666	10,271
% Change	(4.3)%	18.4%	25.2%	43.1%	11.6%
Reconciliation:					
For the year ended December 31, 2009	**$ 4,506**	**$2,663**	**$2,436**	**$ 666**	**$10,271**
2009 Colombian investment and cooperation agreement charge	—	—	—	135	135
2009 Asset impairment and exit costs	29	—	—	—	29
2010 Asset impairment and exit costs	(27)	—	(20)	—	(47)
Acquired businesses	2	28	104	(3)	131
Currency	(191)	107	342	85	343
Operations	(8)	354	187	70	603
For the year ended December 31, 2010	**$ 4,311**	**$3,152**	**$3,049**	**$ 953**	**$11,465**

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

	Net Earnings Attributable to PMI	Diluted E.P.S.
2010 Net Earnings Attributable to PMI	$ 7,259	$ 3.92[1]
2009 Net Earnings Attributable to PMI	$ 6,342	$ 3.24[1]
% Change	14.5%	21.0%
Reconciliation:		
2009 Net Earnings Attributable to PMI	**$ 6,342**	**$ 3.24[1]**
Special Items:		
2009 Colombian investment and cooperation agreement charge	93	0.04
2009 Asset impairment and exit costs	19	0.01
2010 Asset impairment and exit costs	(24)	(0.02)
2010 Tax items	121	0.07
Currency	232	0.12
Interest	(60)	(0.03)
Change in tax rate	59	0.03
Impact of lower shares outstanding and share-based payments	10	0.22
Operations	467	0.24
2010 Net Earnings Attributable to PMI	**$ 7,259**	**$ 3.92[1]**

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

	2010	2009
Net earnings attributable to PMI	$7,259	$6,342
Less distributed and undistributed earnings attributable to share-based payment awards	33	23
Net earnings for basic and diluted EPS	$7,226	$6,319
Weighted-average shares for basic EPS	1,839	1,943
Plus incremental shares from assumed conversions:		
Stock Options	3	7
Weighted-average shares for diluted EPS	1,842	1,950

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

	December 31, 2010	December 31, 2009
Assets		
Cash and cash equivalents	$ 1,703	$ 1,540
All other current assets	12,053	13,142
Property, plant and equipment, net	6,499	6,390
Goodwill	10,161	9,112
Other intangible assets, net	3,873	3,546
Other assets	761	822
Total assets	**$ 35,050**	**$ 34,552**
Liabilities and Stockholders' Equity		
Short-term borrowings	$ 1,747	$ 1,662
Current portion of long-term debt	1,385	82
All other current liabilities	9,672	9,434
Long-term debt	13,370	13,672
Deferred income taxes	2,027	1,688
Other long-term liabilities	1,728	1,869
Total liabilities	29,929	28,407
Redeemable noncontrolling interests	1,188	—
Total PMI stockholders' equity	3,506	5,716
Noncontrolling interests	427	429
Total stockholders' equity	3,933	6,145
Total liabilities and stockholders' equity	**$ 35,050**	**$ 34,552**
Total debt	$ 16,502	$ 15,416
Total debt to EBITDA	1.36 [1]	1.42 [1]
Net debt to EBITDA	1.22 [1]	1.27 [1]

(1) For the calculation of Total Debt to EBITDA and Net Debt to EBITDA ratios, refer to Schedule 18.

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

2010								2009			% 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 Acquisi-tions	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
$6,997	$ 4,804	$ 2,193	$ (166)	$ 2,359	$ —	$ 2,359	European Union	$ 7,562	$ 5,196	$ 2,366	(7.3)%	(0.3)%	(0.3)%
4,263	2,385	1,878	(29)	1,907	—	1,907	EEMA	3,912	2,039	1,873	0.3%	1.8%	1.8%
4,141	2,035	2,106	127	1,979	171[1]	1,808	Asia	3,439	1,725	1,714	22.9%	15.5%	5.5%
2,406	1,546	860	28	832	—	832	Latin America & Canada	2,095	1,331	764	12.6%	8.9%	8.9%
$17,807	**$10,770**	**$ 7,037**	**$ (40)**	**$ 7,077**	**$ 171**	**$ 6,906**	**PMI Total**	**$17,008**	**$10,291**	**$ 6,717**	**4.8%**	**5.4%**	**2.8%**

2010						2009	% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisi-tions	Reported Operating Companies Income excluding Currency & Acquisitions		Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
$1,031	$ (110)	$ 1,141	$ —	$ 1,141	European Union	$ 1,109	(7.0)%	2.9%	2.9%
740	33	707	—	707	EEMA	681	8.7%	3.8%	3.8%
790	79	711	21[2]	690	Asia	503	57.1%	41.4%	37.2%
254	16	238	(1)	239	Latin America & Canada	214	18.7%	11.2%	11.7%
$2,815	**$ 18**	**$ 2,797**	**$ 20**	**$ 2,777**	**PMI Total**	**$ 2,507**	**12.3%**	**11.6%**	**10.8%**

(1) Represents the business combination in the Philippines.
(2) Represents the business combination in the Philippines, including $20 million of asset impairment and exit costs due to a contract termination.

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 December 31,
($ in millions)
(Unaudited)

2010								2009			% 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 Acquisi-tions**	**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**
$1,031	$ (7)	$ 1,038	$ (110)	$ 1,148	$ —	$ 1,148	European Union	$ 1,109	$ (26)	$ 1,135	(8.5)%	1.1%	1.1%
740	—	740	33	707	—	707	EEMA	681	—	681	8.7%	3.8%	3.8%
790	(20)	810	79	731	41[1]	690	Asia	503	—	503	61.0%	45.3%	37.2%
254	—	254	16	238	(1)	239	Latin America & Canada	214	—	214	18.7%	11.2%	11.7%
$2,815	**$ (27)**	**$ 2,842**	**$ 18**	**$ 2,824**	**$ 40**	**$ 2,784**	**PMI Total**	**$ 2,507**	**$ (26)**	**$ 2,533**	**12.2%**	**11.5%**	**9.9%**

2010							2009			% 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**
$1,148	$ 2,359	48.7%	$ 1,148	$ 2,359	48.7%	European Union	$ 1,135	$ 2,366	48.0%	0.7	0.7
707	1,907	37.1%	707	1,907	37.1%	EEMA	681	1,873	36.4%	0.7	0.7
731	1,979	36.9%	690	1,808	38.2%	Asia	503	1,714	29.3%	7.6	8.9
238	832	28.6%	239	832	28.7%	Latin America & Canada	214	764	28.0%	0.6	0.7
$2,824	**$ 7,077**	**39.9%**	**$ 2,784**	**$ 6,906**	**40.3%**	**PMI Total**	**$ 2,533**	**$ 6,717**	**37.7%**	**2.2**	**2.6**

(1) Represents the business combination in the Philippines.
(2) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to Schedule 10.

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 December 31,
(Unaudited)

	2010	2009	% Change
Reported Diluted EPS	**$0.96**	**$0.80**	**20.0%**
Adjustments:			
Asset impairment and exit costs	0.01	0.01	
Adjusted Diluted EPS	**$0.97**	**$0.81**	**19.8%**
Less:			
Currency Impact	0.01		
Adjusted Diluted EPS, excluding Currency	**$0.96**	**$0.81**	**18.5%**

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 December 31,
(Unaudited)

	2010	2009	% Change
Reported Diluted EPS	**$0.96**	**$0.80**	**20.0%**
Less:			
Currency Impact	0.01		
Reported Diluted EPS, excluding Currency	**$0.95**	**$0.80**	**18.8%**

Schedule 14

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

2010								2009			% 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
$28,050	$19,239	$ 8,811	$ (172)	$ 8,983	$ 3	$ 8,980	European Union	$28,550	$19,509	$ 9,041	(2.5)%	(0.6)%	(0.7)%
15,928	8,519	7,409	76	7,333	80	7,253	EEMA	13,865	7,070	6,795	9.0%	7.9%	6.7%
15,235	7,300	7,935	611	7,324	548[1]	6,776	Asia	12,413	5,885	6,528	21.6%	12.2%	3.8%
8,500	5,447	3,053	179	2,874	—	2,874	Latin America & Canada	7,252	4,581	2,671	14.3%	7.6%	7.6%
$67,713	**$40,505**	**$27,208**	**$ 694**	**$ 26,514**	**$ 631**	**$ 25,883**	**PMI Total**	**$62,080**	**$37,045**	**$ 25,035**	**8.7%**	**5.9%**	**3.4%**

2010						2009	% 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
$4,311	$ (191)	$ 4,502	$ 2	$ 4,500	European Union	$ 4,506	(4.3)%	(0.1)%	(0.1)%
3,152	107	3,045	28	3,017	EEMA	2,663	18.4%	14.3%	13.3%
3,049	342	2,707	84[2]	2,623	Asia	2,436	25.2%	11.1%	7.7%
953	85	868	(3)	871	Latin America & Canada	666	43.1%	30.3%	30.8%
$11,465	**$ 343**	**$ 11,122**	**$ 111**	**$ 11,011**	**PMI Total**	**$ 10,271**	**11.6%**	**8.3%**	**7.2%**

(1) Represents the business combination in the Philippines.
(2) Represents the business combination in the Philippines, including $20 million of asset impairment and exit costs due to a contract termination.

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 Years Ended December 31,
($ in millions)
(Unaudited)

2010								2009			% 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 & Other**	**Adjusted Operating Companies Income**	**Adjusted**	**Adjusted excluding Currency**	**Adjusted excluding Currency & Acquisitions**
$4,311	$ (27)	$ 4,338	$ (191)	$ 4,529	$ 2	$ 4,527	European Union	$ 4,506	$ (29)	$ 4,535	(4.3)%	(0.1)%	(0.2)%
3,152	—	3,152	107	3,045	28	3,017	EEMA	2,663	—	2,663	18.4%	14.3%	13.3%
3,049	(20)	3,069	342	2,727	104[1]	2,623	Asia	2,436	—	2,436	26.0%	11.9%	7.7%
953	—	953	85	868	(3)	871	Latin America & Canada	666	(135) [2]	801	19.0%	8.4%	8.7%
$11,465	**$ (47)**	**$ 11,512**	**$ 343**	**$ 11,169**	**$ 131**	**$ 11,038**	**PMI Total**	**$ 10,271**	**$ (164)**	**$ 10,435**	**10.3%**	**7.0%**	**5.8%**

2010							2009			% Points Change	
Adjusted Operating Companies Income excluding Currency	**Net Revenues excluding Excise Taxes & Currency[3]**	**Adjusted Operating Companies Income Margin excluding Currency**	**Adjusted Operating Companies Income excluding Currency & Acquisitions**	**Net Revenues excluding Excise Taxes, Currency & Acquisitions[3]**	**Adjusted Operating Companies Income Margin excluding Currency & Acquisitions**		**Adjusted Operating Companies Income**	**Net Revenues excluding Excise Taxes[3]**	**Adjusted Operating Companies Income Margin**	**Adjusted Operating Companies Income Margin excluding Currency**	**Adjusted Operating Companies Income Margin excluding Currency & Acquisitions**
$4,529	$ 8,983	50.4%	$ 4,527	$ 8,980	50.4%	European Union	$ 4,535	$ 9,041	50.2%	0.2	0.2
3,045	7,333	41.5%	3,017	7,253	41.6%	EEMA	2,663	6,795	39.2%	2.3	2.4
2,727	7,324	37.2%	2,623	6,776	38.7%	Asia	2,436	6,528	37.3%	(0.1)	1.4
868	2,874	30.2%	871	2,874	30.3%	Latin America & Canada	801	2,671	30.0%	0.2	0.3
$11,169	**$ 26,514**	**42.1%**	**$ 11,038**	**$ 25,883**	**42.6%**	**PMI Total**	**$ 10,435**	**$ 25,035**	**41.7%**	**0.4**	**0.9**

(1) Represents the business combination in the Philippines.
(2) Represents the 2009 Colombian investment and cooperation agreement charge.
(3) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to Schedule 14.

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 Years Ended December 31,
(Unaudited)

	2010	2009	% Change
Reported Diluted EPS	**$ 3.92**	**$3.24**	**21.0%**
Adjustments:			
Colombian investment and cooperation agreement charge	—	0.04	
Tax items	(0.07)	—	
Asset impairment and exit costs	0.02	0.01	
Adjusted Diluted EPS	**$ 3.87**	**$3.29**	**17.6%**
Less:			
Currency Impact	0.12		
Adjusted Diluted EPS, excluding Currency	**$ 3.75**	**$3.29**	**14.0%**

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

	2010	2009	% Change
Reported Diluted EPS	**$3.92**	**$3.24**	**21.0%**
Less:			
Currency Impact	0.12		
Reported Diluted EPS, excluding Currency	**$3.80**	**$3.24**	**17.3%**

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 December 31, 2010	For the Year Ended December 31, 2009
Earnings before income taxes	$ 10,324	$ 9,243
Interest expense, net	876	797
Depreciation and amortization	932	853
EBITDA	**$ 12,132**	**$ 10,893**
	December 31, 2010	**December 31, 2009**
Short-term borrowings	$ 1,747	$ 1,662
Current portion of long-term debt	1,385	82
Long-term debt	13,370	13,672
Total Debt	**$ 16,502**	**$ 15,416**
Less: Cash and cash equivalents	1,703	1,540
Net Debt	**$ 14,799**	**$ 13,876**
Ratios		
Total Debt to EBITDA	**1.36**	**1.42**
Net Debt to EBITDA	**1.22**	**1.27**

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

	For the Quarters Ended December 31,			For the Years Ended December 31,		
	2010	2009	% Change	2010	2009	% Change
Net cash provided by operating activities[a]	**$1,581**	**$1,465**	**7.9%**	**$9,437**	**$7,884**	**19.7%**
Less:						
Capital expenditures	230	232		713	715	
Free cash flow	**$1,351**	**$1,233**	**9.6%**	**$8,724**	**$7,169**	**21.7%**
Less:						
Currency impact	6			(2)		
Free cash flow, excluding Currency	**$1,345**	**$1,233**	**9.1%**	**$8,726**	**$7,169**	**21.7%**

	For the Quarters Ended December 31,			For the Years Ended December 31,		
	2010	2009	% Change	2010	2009	% Change
Net cash provided by operating activities[a]	**$1,581**	**$1,465**	**7.9%**	**$9,437**	**$7,884**	**19.7%**
Less:						
Currency impact	5			23		
Net cash provided by operating activities, excluding Currency	**$1,576**	**$1,465**	**7.6%**	**$9,414**	**$7,884**	**19.4%**

(a) Operating cash flow.

Exhibit 99.2

Philip Morris International Inc.
2010 Full-Year and Fourth-Quarter Results Conference Call
February 10, 2011

NICK ROLLI

(SLIDE 1.)

Welcome. Thank you for joining us. Earlier today, we issued a news release containing detailed information on our 2010 full-year and fourth-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 full-year or fourth-quarter 2010 and comparing them with the same period in 2009 unless otherwise stated. References to 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 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 operating companies income, or “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 Louis Camilleri, Chairman and Chief Executive Officer, and Hermann Waldemer, Chief Financial Officer, who will join Louis for the question and answer period.

Louis.

LOUIS CAMILLERI

(SLIDE 4.)

Good afternoon, ladies and gentlemen.

With much of the developed world still grappling with stubbornly high unemployment levels, debilitatingly heavy debt burdens and bleak budget deficits, we posted what I would characterize as a solid financial performance in 2010. Unprecedented excise tax hikes affecting six markets in particular, coupled with continued economic uncertainty, spurred double-digit declines in industry volumes, further consumer downtrading, a more pronounced pattern of heightened price competition, and a surge in the incidence of illicit trade in these countries. Regretfully, these factors adversely affected our organic volume performance. However, despite these challenges, we posted robust increases in our EPS and cash flow. Importantly, we outperformed our international competitors in terms of organic volume and market share growth.

(SLIDE 5.)

The strategic highlight of the year was the highly promising transaction with Fortune Tobacco in the Philippines. This not only widened our share leadership in Asia, but I am sure will be a source of solid income growth for years to come.

(SLIDE 6.)

Our cigarette volume rose 4.1% in 2010 to reach a level of nearly 900 billion units. Absent the creation of PMFTC in the Philippines, our organic volume fell short of the prior year by 2.5%. The shortfall is virtually entirely attributable to significant declines in industry volumes affecting Greece, Japan, Pakistan, Spain, Turkey and Ukraine. Indeed, absent these six markets, which collectively suffered a volume erosion of some 14%, our volume performance in all other markets, representing close to 80% of our volume base, grew at an organic rate of 1%.

While the headline organic volume number in the fourth quarter points to a deterioration in our performance relative to the full year, this was entirely attributable to Japan and Ukraine, which suffered volume shortfalls of 43% and 35%, respectively. Absent these two markets, our fourth-quarter organic volume performance was essentially equal to that of the full year.

(SLIDE 7.)

Our market share performance, despite the challenges we faced, was solid. Indeed, our total worldwide share, excluding China and the USA but including the business combination with FTC on a pro-forma basis, rose to 27.9% for the full year and 28.1% in the fourth quarter. We grew share in both OECD and non-OECD markets, while exhibiting sequential improvement, and hence momentum, in both geographies. We also grew share in our 30 most profitable markets.

While our aggregate share performance was solid and broad-based, we did suffer erosion in several markets, notably in Germany, Greece, Turkey and Ukraine. Steps have recently been taken, or are planned, in all four markets to address these shortcomings.

(SLIDE 8.)

Marlboro's share momentum improved as the year unfolded, despite the challenging economic environment. This is testament to the success and continued disciplined deployment of the brand's new architecture. In virtually all instances, we are witnessing improvements in the brand's key image attributes and demographic profile, particularly in regards to the Gold pillar. *Marlboro*'s performance in Asia was singularly robust behind the continued success of several entries focused on the Fresh pillar, such as *Black Menthol* and *Ice Blast*. *Marlboro*'s momentum is confirmed by its six-month moving share trend shown on this chart.

(SLIDE 9.)

L&M is still a two-pronged story. It continues to grow and is highly successful in the EU Region, but also continues to shed volume and share in Eastern Europe, and particularly in Russia. Plans are in place to strive to correct this weakness.

(SLIDE 10.)

Net revenues of $27.2 billion were up 8.7% for the full year and 4.8% for the quarter, while on an organic basis, that is excluding the impact of currency and acquisitions, they rose 3.4% and 2.8%, respectively. This fell short of our mid to long-term objective, reflecting the volume and mix erosion in the previously mentioned countries, due to the abnormal excise tax increases that adversely affected each of them.

(SLIDE 11.)

Adjusted operating companies income of $11.5 billion rose 10.3% for the full year and 12.2% for the quarter. On an organic basis, the increase was 5.8% for the full year and a robust 9.9% in the fourth quarter.

(SLIDE 12.)

Not surprisingly, pricing was the key driver of our income growth with a particularly strong delivery in the fourth quarter.

Our full-year pricing variance approached $1.7 billion, of which close to $600 million, or 35%, was recorded in the fourth quarter. I trust that these numbers will reinforce the belief that our pricing power, despite a very challenging economic environment, remains intact. I should highlight that the fourth-quarter pricing variance was flattered by the price increase we obtained on the inventory held by our Japanese distributor on October 1st. This accounted for approximately 20% of the total pricing variance in the quarter.

(SLIDE 13.)

We are very pleased with the progress across all Regions of our adjusted operating margins, excluding currency and acquisitions. For the full year on a worldwide basis, they reached 42.6%, up 0.9 points. This reflects both our strong pricing and our continued efforts to generate productivity gains and cost savings, as we completed our three-year $1.5 billion program.

(SLIDE 14.)

Our earnings per share performance was singularly robust, exceeding our mid to long-term target for the third year in succession. Adjusted diluted earnings per share of $3.87 for the full year and $0.97 for the quarter rose 17.6% and 19.8%, respectively. Excluding the favorable impact of currency of 12 cents for the year and 1 cent for the quarter, earnings per share rose 14.0% in 2010 and 18.5% in the fourth quarter.

(SLIDE 15.)

As strong as our earnings per share performance was, it was surpassed by that of our cash flow. Indeed, our free cash flow rose by some $1.6 billion, or 21.7%, on a currency neutral basis to a record level of $8.7 billion. This performance was due in large part to the strict management of our working capital and, in particular, a reduction in our receivables and inventories, reflecting our efforts to optimize our supply chain.

(SLIDE 16.)

Our ability to generate strong and predictable cash flows is a hallmark of our company.

You may recall that at the time of our spin-off in March 2008, we set a three-year cumulative operating cash flow target of $21.7 billion. Fast forward to today, we have handsomely exceeded that target by $3.5 billion, or 16%, to reach a cumulative operating cash flow of $25.2 billion, and this despite an adverse currency impact of some $500 million.

(SLIDE 17.)

Our strong and growing cash flow has underpinned our ability to reward our shareholders through higher dividends and our share repurchase programs. We have increased our dividends by a cumulative total of 39.1% since the spin, and, by the end of December 2010, had repurchased 334 million shares, or 15.8% of the shares outstanding at the time of the spin, at an average price of $47.83.

(SLIDE 18.)

While I cannot deny that 2010 was a tough year in many respects, we were able to overcome most of the significant roadblocks that were erected in our path. Our EPS and cash flow results were quite exceptional given the economic challenges that have yet to be profoundly resolved primarily in the Western world. It is against this fragile economic backdrop that we look to 2011.

As disclosed in our earnings statement released this morning, we project another strong year in our key financial metrics, with a reported diluted earnings per share guidance falling within a range of $4.35 to $4.45, versus $3.92 in 2010. On an adjusted basis, compared to $3.87 in 2010, this corresponds to an increase of approximately 12.5% to 15% at prevailing exchange rates, and approximately 10% to 12.5% on a constant currency basis.

We believe that our guidance appropriately reflects a cautious balance of the risks and opportunities that always accompany any projection made this early in the year. I should also highlight that this guidance assumes an underlying effective tax rate that is expected to be some 70 basis points higher than that incurred in 2010.

(SLIDE 19.)

The key risk to our earnings projection is the potential for disruptive excise tax increases and adverse movements in the structure thereof, as we painfully witnessed in 2010.

While last year we faced an unprecedented number of countries that turned to tobacco to generate additional revenues by raising excise taxes to levels that went beyond any reasonable expectation, so far this year, the news on excise taxes is, with one key exception, relatively benign. The one exception is, of course, Mexico, where the average excise tax burden was increased on January 1st by 50% in one fell swoop.

Elsewhere, other than the adverse impact of the annualization of 2010 increases, the excise tax increases that have been announced appear to be manageable.

(SLIDE 20.)

Furthermore, and very importantly, we have witnessed a number of encouraging structural changes, driven in large measure by the new excise tax directive in the European Union. Indeed, France, the Netherlands and Sweden have all increased their specific-to-total tax ratios, and Greece has significantly improved its excise tax structure. In addition, in Germany, we have a new tax law that provides for reasonable increases and visibility over a five-year period.

(SLIDE 21.)

Unemployment remains persistently high in numerous countries and continues to affect both industry volumes and mix. In addition, inflation, particularly as it relates to basic food commodities, remains a concern relative to consumer discretionary income levels in numerous markets. Furthermore, recent events in North Africa are likely to impact our performance and we can only hope that this will be a temporary phenomenon.

(SLIDE 22.)

In light of these dynamics, we expect our organic volume performance to mirror that recorded in 2010. Japan and Mexico will dampen our volume prospects in 2011 and, given the economic uncertainty, we continue to project volume softness in Greece, Pakistan, Spain and Ukraine. Also, we project a weaker volume trend in both France and Italy, reflecting retail price increases ahead of inflation. Elsewhere we anticipate a solid volume performance led by Indonesia, Korea and Russia, as well as a projected recovery in Turkey.

The ultimate volume impact of the tax-driven price increase in Japan remains the single largest question mark. It will also affect our quarterly volume performance in a significant manner with pronounced weakness in the first half and gradual but consistent improvement in the second half. While it is too early to gauge precise volume trends, January sales were modestly better than we had anticipated and accordingly the assumptions for Japan, on which our earnings guidance is predicated, may prove to be somewhat overly cautious.

(SLIDE 23.)

Given our share momentum and the initiatives we have planned, we anticipate another year of solid market share performance. Persistently high unemployment levels will continue to exert pressure on the premium segment in some markets, but we believe that in most instances we can more than offset this dynamic given the breadth of our brand portfolio.

(SLIDE 24.)

Pricing will continue to be the key driver of our profitability growth. We project a price variance exceeding that recorded in 2010, driven in part by the price increase in Japan. Indeed, more than 60% of the pricing embedded in our 2011 EPS guidance has already been announced or implemented.

(SLIDE 25.)

We anticipate some cost pressure driven in large measure by the historical leaf tobacco price increases that will continue to affect our product costs in 2011, the more expensive materials and packaging associated with the *Marlboro* architecture and other premium brand offerings, as well as the cost associated with the implementation of reduced cigarette ignition propensity rules in the European Union in the fourth quarter.

(SLIDE 26.)

We will implement a number of productivity and cost reduction initiatives during the year and have set a target of pretax cost savings of $250 million in 2011.

(SLIDE 27.)

Finally, we anticipate another strong cash flow performance and share repurchases of $5 billion in 2011, in line with the level disbursed in 2010.

(SLIDE 28.)

All in all, 2010 proved to be a difficult year, but we posted results that compare very favorably to our consumer product peers.

We enter 2011 with clear momentum and exciting plans. The so-called two-speed recovery remains fragile, but we look forward to the year with cautious optimism. There is likely to be continued volatility in currency markets and other uncertainties, but we have the human and financial resources, as well as numerous planned initiatives, to sustain our momentum and post another year of solid growth.

(SLIDE 29.)

Hermann and I will now be happy to answer your questions.

(SLIDE 30–38 – Reconciliation Slides)

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 New York this week and next. We will be making a web-cast presentation at the CAGNY Conference in Boca Raton on Wednesday 23 February and look forward to seeing many of you there.

Thank you again and have a nice day.

Exhibit 99.3

PHILIP MORRIS INTERNATIONAL

2010 Full-Year and Fourth-Quarter Results

February 10, 2011

Introduction

PHILIP MORRIS INTERNATIONAL

- Unless otherwise stated, we will be talking about results for the full-year or fourth-quarter 2010 and comparing them with the same period in 2009
- 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 Operating Companies Income, or "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-Q for the quarter ended September 30, 2010, filed with the Securities and Exchange Commission.

2010 PMI Highlights

PHILIP MORRIS INTERNATIONAL

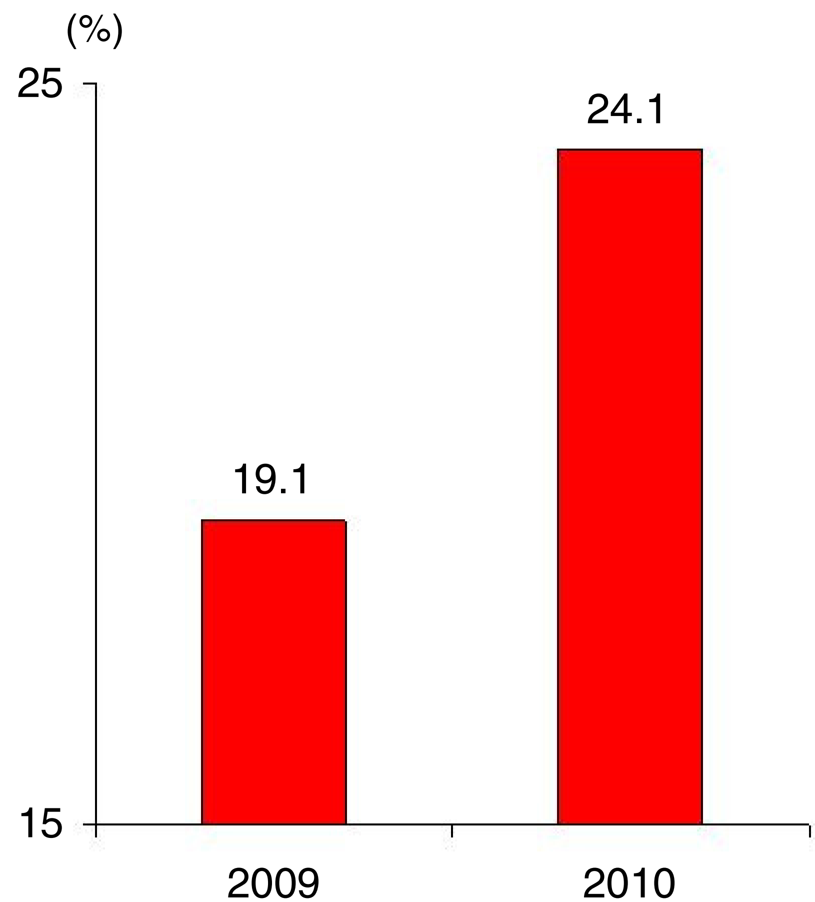
- Solid financial performance, given:
  - Unprecedented excise tax increases in six markets
  - Continued economic uncertainty and high unemployment
  - Consumer downtrading in some markets
  - More pronounced patterns of heightened price competition
  - Surge in illicit trade in markets where disruptive tax increases were implemented
- Robust increases in EPS and cash flow
- Outperformed our international competitors in terms of organic volume and market share growth

Source: PMI Financials and PMI estimates

2010 Strategic Highlight - Philippines

- Business combination with Fortune Tobacco in February 2010
- 101 billion unit market, characterized by favorable demographics and increasing purchasing power
- Strong potential for solid income growth

PMI Asia Region Market Share[a]



(a) Excluding China
Source: PMI estimates

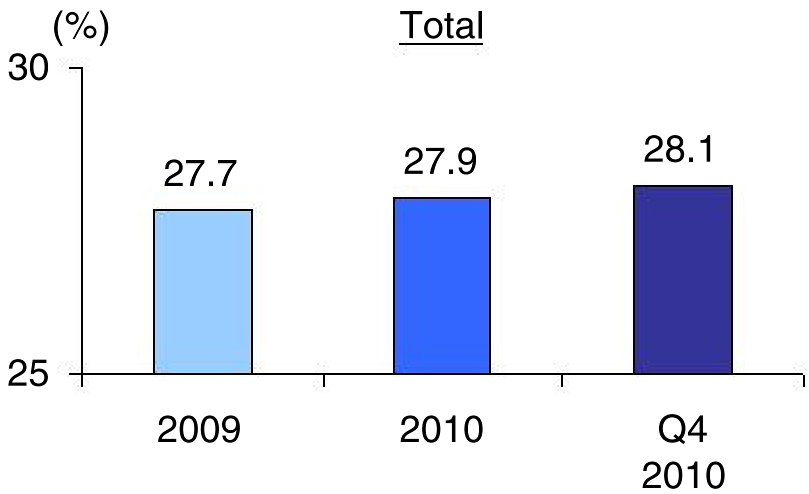
PMI Results

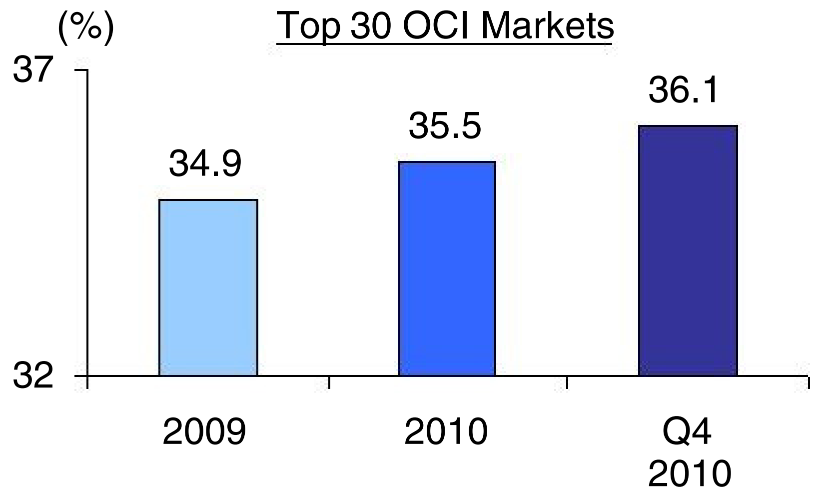
PHILIP MORRIS INTERNATIONAL

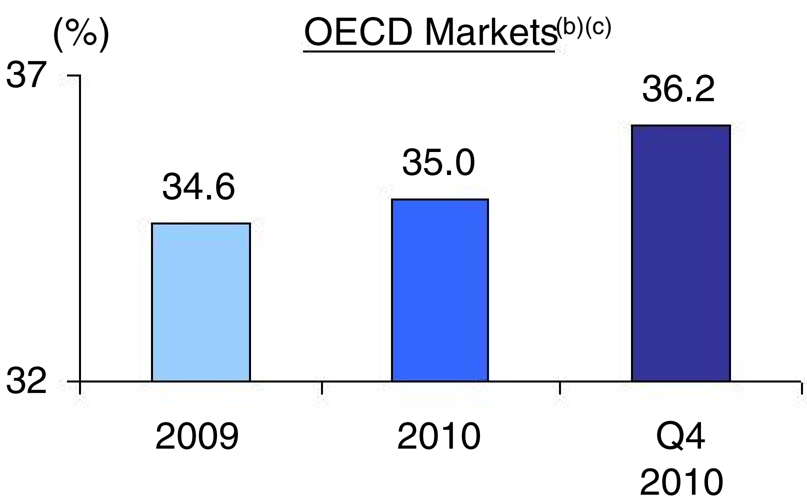
(% Growth vs. same period in 2009)	Full-Year 2010		Fourth-Quarter 2010	
	Actual	Excl. Acquisitions	Actual	Excl. Acquisitions
Cigarette Volume	+ 4.1%	- 2.5%	+ 3.1%	- 5.1%

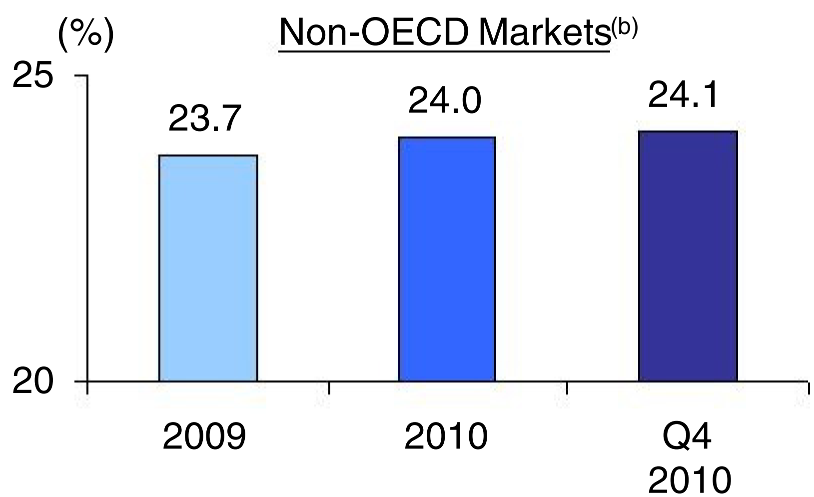
Source: PMI Financials

PMI Market Share Developments[a]









(a) Excluding USA and China. Historical data adjusted for pro-forma inclusion of business combination with FTC in the Philippines
(b) Also excluding duty-free
(c) List of Organisation for Economic Co-operation and Development (OECD) member countries are listed on their website (www.oecd.org)
Source: PMI estimates

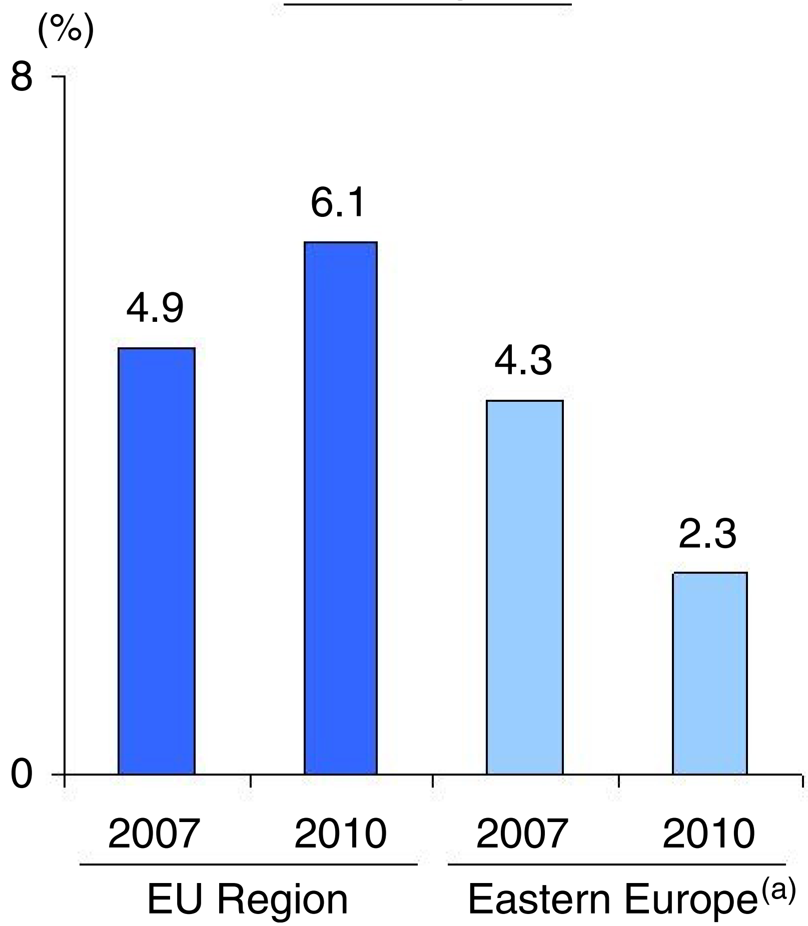
Marlboro – Market Share

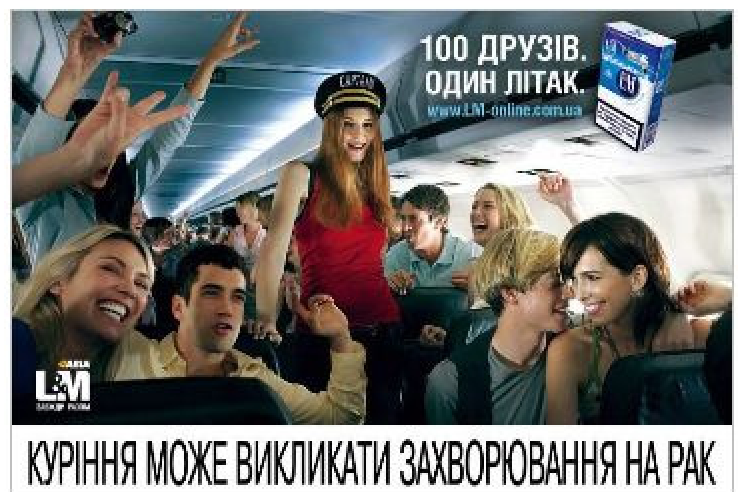
(a) Excluding China and USA
Source: PMI estimates

L&M

PHILIP MORRIS
INTERNATIONAL

Market Share





(a) Eastern Europe markets are: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tadjikistan, Turkmenistan, Ukraine and Uzbekistan

Source: PMI estimates

PMI Results

PHILIP MORRIS INTERNATIONAL

(% Growth vs. same period in 2009)	Full-Year 2010		Fourth-Quarter 2010	
	Actual	Excl. Curr. & Acquisitions	Actual	Excl. Curr. & Acquisitions
Net Revenues	+ 8.7%	+ 3.4%	+ 4.8%	+ 2.8%

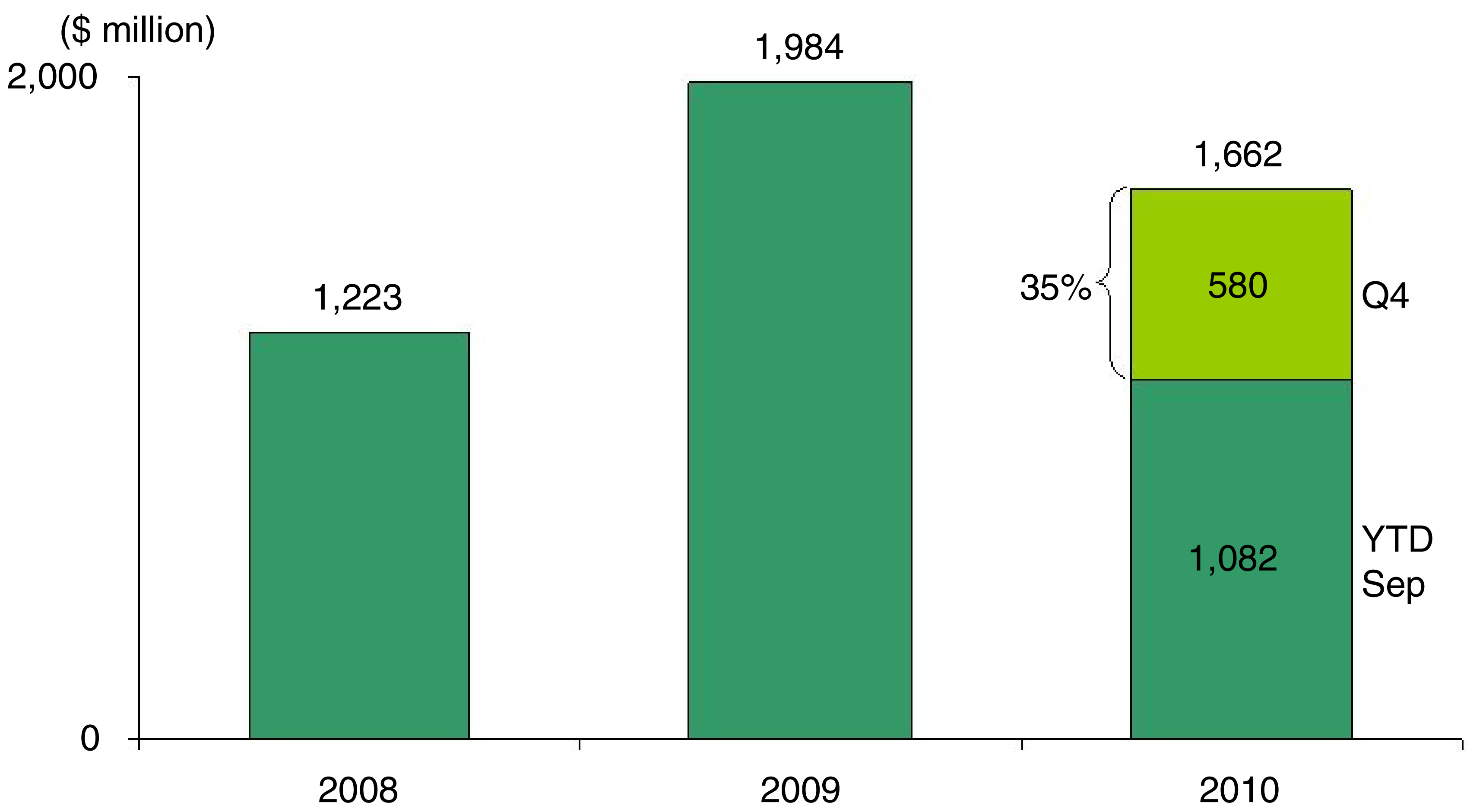
Source: PMI Financials

PMI Results

(% Growth vs. same period in 2009)	Full-Year 2010		Fourth-Quarter 2010	
	Actual	Excl. Curr. & Acquisitions	Actual	Excl. Curr. & Acquisitions
Net Revenues	+ 8.7%	+ 3.4%	+ 4.8%	+ 2.8%
Adjusted OCI	+ 10.3%	+ 5.8%	+ 12.2%	+ 9.9%

Source: PMI Financials

Pricing Variance



Source: PMI Financials

Operating Margins

PHILIP MORRIS INTERNATIONAL

Adjusted OCI Margins

	Full-Year			Fourth-Quarter		
	2010[(a)]	2009	Variance	2010[(a)]	2009	Variance
EU	50.4 %	50.2 %	0.2 pp	48.7 %	48.0 %	0.7 pp
EEMA	41.6	39.2	2.4	37.1	36.4	0.7
Asia	38.7	37.3	1.4	38.2	29.3	8.9
LA&C	30.3	30.0	0.3	28.7	28.0	0.7
Total	**42.6**	**41.7**	**0.9**	**40.3**	**37.7**	**2.6**

(a) Excluding currency and acquisitions
Source: PMI Financials

PMI Results

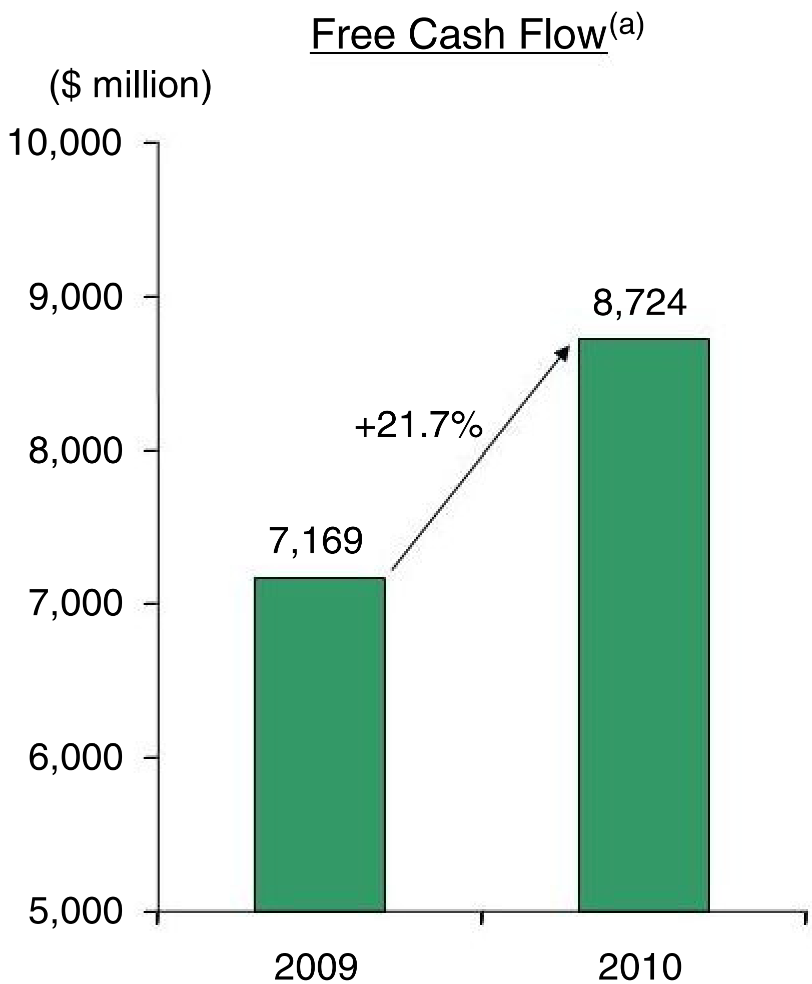
PHILIP MORRIS INTERNATIONAL

(% Growth vs. same period in 2009)	Full-Year 2010		Fourth-Quarter 2010	
	Actual	Excl. Curr. & Acquisitions	Actual	Excl. Curr. & Acquisitions
Net Revenues	+ 8.7%	+ 3.4%	+ 4.8%	+ 2.8%
Adjusted OCI	+ 10.3%	+ 5.8%	+ 12.2%	+ 9.9%
Adjusted diluted EPS	+ 17.6%	+ 14.0%[a]	+ 19.8%	+ 18.5%[a]

(a) Only excludes currency
Source: PMI Financials

Cash Flow

PHILIP MORRIS INTERNATIONAL

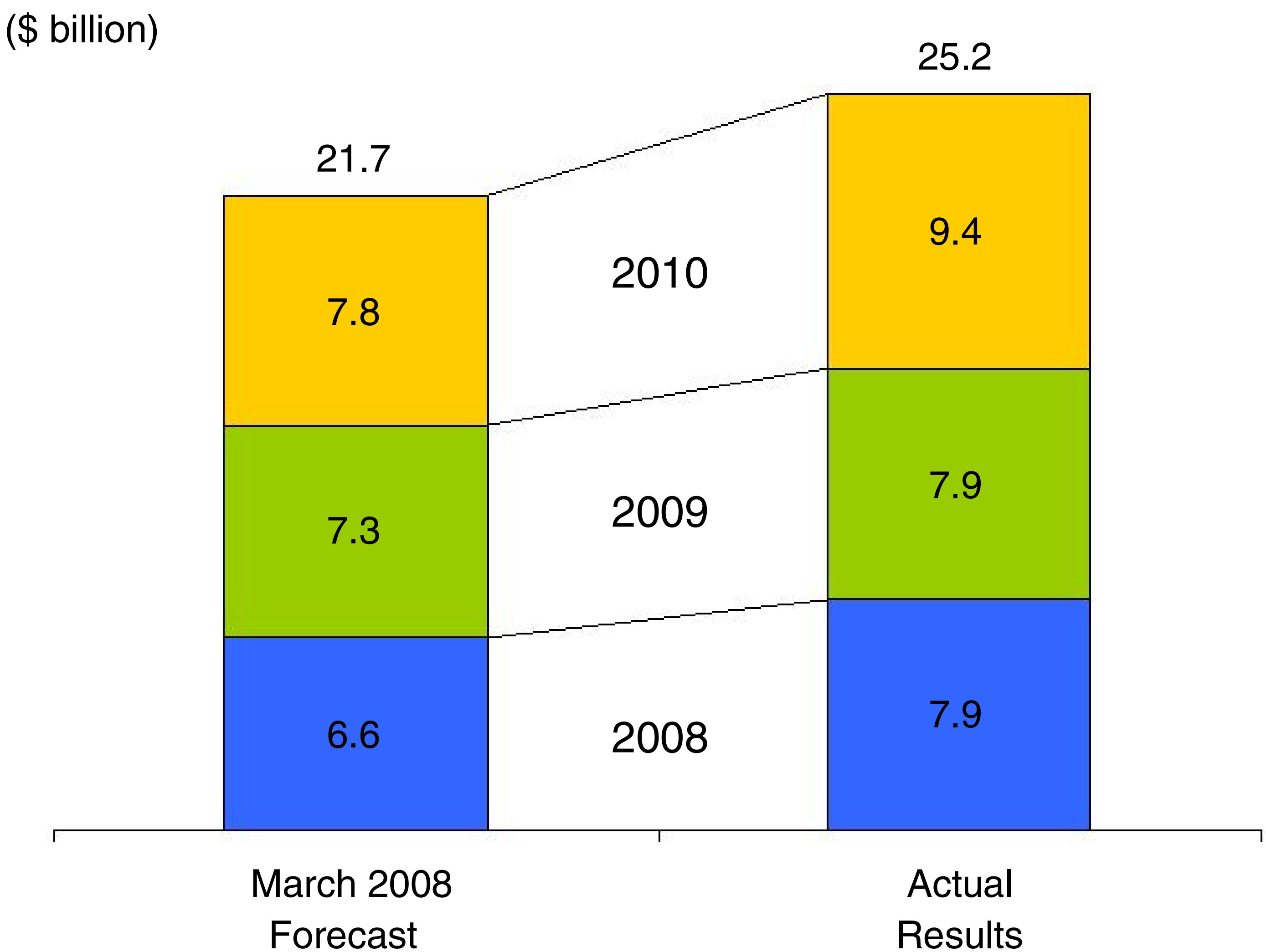


- Improvement driven in large part by the strict management of our working capital, and in particular a reduction in our receivables and in inventories

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

Cumulative Operating Cash Flow (2008-2010)

PHILIP MORRIS INTERNATIONAL



Source: PMI Financials

Shareholder Returns

PHILIP MORRIS INTERNATIONAL

- Cumulative increase in dividend of 39.1% since March 2008 spin-off
- By the end of December 2010, total of 334 million shares had been repurchased, representing 15.8% of shares outstanding at that time, at an average price of $47.83

2011 EPS Guidance

PHILIP MORRIS INTERNATIONAL

- At prevailing exchange rates, reported diluted EPS guidance for 2011 is $4.35 to $4.45, versus $3.92 in 2010
- On an adjusted basis, compared to $3.87 in 2010, this corresponds to a growth rate of approximately 12.5% to 15% at prevailing exchange rates, or approximately 10% to 12.5% on a currency neutral basis
- 2011 guidance assumes an effective underlying tax rate that is expected to be some 70 basis points higher than that incurred in 2010

Source: PMI Forecasts

Excise Taxation

- Disruptive excise tax increases remain the key risk to our business
- Outlook is for reasonable increases in 2011 other than in Mexico

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- Disruptive excise tax increases remain the key risk to our business
- Outlook is for reasonable increases in 2011 other than in Mexico
- New EU excise tax directive since January 2011
- Important structural improvements in excise tax systems in France, Greece, the Netherlands and Sweden
- Visibility in Germany for five-year period

2011 Business Outlook

PHILIP MORRIS INTERNATIONAL

- Reasonable excise tax increases, except Mexico
- High unemployment continuing to impact industry volumes and mix
- Recent events in North Africa likely to impact our performance there, but hope this will be a temporary phenomenon

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2011: another solid year of growth expected for PMI

PHILIP MORRIS INTERNATIONAL

2010 Full-Year and Fourth-Quarter Results

Questions & Answers

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

PHILIP MORRIS INTERNATIONAL

Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended December 31,
($ in millions)
(Unaudited)

2010								2009			% 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
$ 6,997	$ 4,804	$ 2,193	$ (166)	$ 2,359	$ -	$ 2,359	European Union	$ 7,562	$ 5,196	$ 2,366	(7.3)%	(0.3)%	(0.3)%
4,263	2,385	1,878	(29)	1,907	-	1,907	EEMA	3,912	2,039	1,873	0.3%	1.8%	1.8%
4,141	2,035	2,106	127	1,979	171 (1)	1,808	Asia	3,439	1,725	1,714	22.9%	15.5%	5.5%
2,406	1,546	860	28	832	-	832	Latin America & Canada	2,095	1,331	764	12.6%	8.9%	8.9%
$ 17,807	**$ 10,770**	**$ 7,037**	**$ (40)**	**$ 7,077**	**$ 171**	**$ 6,906**	**PMI Total**	**$ 17,008**	**$ 10,291**	**$ 6,717**	**4.8%**	**5.4%**	**2.8%**

2010						2009	% 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
$ 1,031	$ (110)	$ 1,141	$ -	$ 1,141	European Union	$ 1,109	(7.0)%	2.9%	2.9%
740	33	707	-	707	EEMA	681	8.7%	3.8%	3.8%
790	79	711	21 (2)	690	Asia	503	57.1%	41.4%	37.2%
254	16	238	(1)	239	Latin America & Canada	214	18.7%	11.2%	11.7%
$ 2,815	**$ 18**	**$ 2,797**	**$ 20**	**$ 2,777**	**PMI Total**	**$ 2,507**	**12.3%**	**11.6%**	**10.8%**

(1) Represents the business combination in the Philippines
(2) Represents the business combination in the Philippines, including $20 million of asset impairment and exit costs due to a contract termination

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 December 31,
($ in millions)
(Unaudited)

2010								2009			% 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
$ 1,031	$ (7)	$ 1,038	$ (110)	$ 1,148	$ -	$ 1,148	European Union	$ 1,109	$ (26)	$ 1,135	(8.5)%	1.1%	1.1%
740	-	740	33	707	-	707	EEMA	681	-	681	8.7%	3.8%	3.8%
790	(20)	810	79	731	41 (1)	690	Asia	503	-	503	61.0%	45.3%	37.2%
254	-	254	16	238	(1)	239	Latin America & Canada	214	-	214	18.7%	11.2%	11.7%
$ 2,815	**$ (27)**	**$ 2,842**	**$ 18**	**$ 2,824**	**$ 40**	**$ 2,784**	**PMI Total**	**$ 2,507**	**$ (26)**	**$ 2,533**	**12.2%**	**11.5%**	**9.9%**

2010							2009			% 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 Revenue excluding Excise Taxes(2)	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
$ 1,148	$ 2,359	48.7%	$ 1,148	$ 2,359	48.7%	European Union	$ 1,135	$ 2,366	48.0%	0.7	0.7
707	1,907	37.1%	707	1,907	37.1%	EEMA	681	1,873	36.4%	0.7	0.7
731	1,979	36.9%	690	1,808	38.2%	Asia	503	1,714	29.3%	7.6	8.9
238	832	28.6%	239	832	28.7%	Latin America & Canada	214	764	28.0%	0.6	0.7
$ 2,824	**$ 7,077**	**39.9%**	**$ 2,784**	**$ 6,906**	**40.3%**	**PMI Total**	**$ 2,533**	**$ 6,717**	**37.7%**	**2.2**	**2.6**

(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 December 31,
(Unaudited)

	2010	2009	% Change
Reported Diluted EPS	**$ 0.96**	**$ 0.80**	**20.0%**
Adjustments:			
Asset impairment and exit costs	0.01	0.01	
Adjusted Diluted EPS	**$ 0.97**	**$ 0.81**	**19.8%**
Less:			
Currency Impact	0.01		
Adjusted Diluted EPS, excluding Currency	**$ 0.96**	**$ 0.81**	**18.5%**

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

PHILIP MORRIS INTERNATIONAL

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Quarters Ended December 31,
(Unaudited)

	2010	2009	% Change
Reported Diluted EPS	**$ 0.96**	**$ 0.80**	**20.0%**
Less:			
Currency Impact	0.01		
Reported Diluted EPS, excluding Currency	**$ 0.95**	**$ 0.80**	**18.8%**

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

Adjustments for the Impact of Currency and Acquisitions
For the Years Ended December 31,
($ in millions)
(Unaudited)

2010								2009			% 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
$ 28,050	$ 19,239	$ 8,811	$ (172)	$ 8,983	$ 3	$ 8,980	European Union	$ 28,550	$ 19,509	$ 9,041	(2.5)%	(0.6)%	(0.7)%
15,928	8,519	7,409	76	7,333	80	7,253	EEMA	13,865	7,070	6,795	9.0%	7.9%	6.7%
15,235	7,300	7,935	611	7,324	548 (1)	6,776	Asia	12,413	5,885	6,528	21.6%	12.2%	3.8%
8,500	5,447	3,053	179	2,874	-	2,874	Latin America & Canada	7,252	4,581	2,671	14.3%	7.6%	7.6%
$ 67,713	**$ 40,505**	**$ 27,208**	**$ 694**	**$ 26,514**	**$ 631**	**$ 25,883**	**PMI Total**	**$ 62,080**	**$ 37,045**	**$ 25,035**	**8.7%**	**5.9%**	**3.4%**

2010						2009	% 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
$ 4,311	$ (191)	$ 4,502	$ 2	$ 4,500	European Union	$ 4,506	(4.3)%	(0.1)%	(0.1)%
3,152	107	3,045	28	3,017	EEMA	2,663	18.4%	14.3%	13.3%
3,049	342	2,707	84 (2)	2,623	Asia	2,436	25.2%	11.1%	7.7%
953	85	868	(3)	871	Latin America & Canada	666	43.1%	30.3%	30.8%
$ 11,465	**$ 343**	**$ 11,122**	**$ 111**	**$ 11,011**	**PMI Total**	**$ 10,271**	**11.6%**	**8.3%**	**7.2%**

(1) Represents the business combination in the Philippines
(2) Represents the business combination in the Philippines, including $20 million of asset impairment and exit costs due to a contract termination

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

PHILIP MORRIS INTERNATIONAL

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions

For the Years Ended December 31,

($ in millions)

(Unaudited)

2010								2009			% 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 & Other**	**Adjusted Operating Companies Income**	**Adjusted**	**Adjusted excluding Currency**	**Adjusted excluding Currency & Acquisitions**
$ 4,311	$ (27)	$ 4,338	$ (191)	$ 4,529	$ 2	$ 4,527	European Union	$ 4,506	$ (29)	$ 4,535	(4.3)%	(0.1)%	(0.2)%
3,152	-	3,152	107	3,045	28	3,017	EEMA	2,663	-	2,663	18.4%	14.3%	13.3%
3,049	(20)	3,069	342	2,727	104 [1]	2,623	Asia	2,436	-	2,436	26.0%	11.9%	7.7%
953	-	953	85	868	(3)	871	Latin America & Canada	666	(135) [2]	801	19.0%	8.4%	8.7%
$ 11,465	**$ (47)**	**$ 11,512**	**$ 343**	**$ 11,169**	**$ 131**	**$ 11,038**	**PMI Total**	**$ 10,271**	**$ (164)**	**$ 10,435**	**10.3%**	**7.0%**	**5.8%**

2010							2009			% Points Change	
Adjusted Operating Companies Income excluding Currency	**Net Revenues excluding Excise Taxes & Currency[3]**	**Adjusted Operating Companies Income Margin excluding Currency**	**Adjusted Operating Companies Income excluding Currency & Acquisitions**	**Net Revenues excluding Excise Taxes, Currency & Acquisitions[3]**	**Adjusted Operating Companies Income Margin excluding Currency & Acquisitions**		**Adjusted Operating Companies Income**	**Net Revenues excluding Excise Taxes[3]**	**Adjusted Operating Companies Income Margin**	**Adjusted Operating Companies Income Margin excluding Currency**	**Adjusted Operating Companies Income Margin excluding Currency & Acquisitions**
$ 4,529	$ 8,983	50.4%	$ 4,527	$ 8,980	50.4%	European Union	$ 4,535	$ 9,041	50.2%	0.2	0.2
3,045	7,333	41.5%	3,017	7,253	41.6%	EEMA	2,663	6,795	39.2%	2.3	2.4
2,727	7,324	37.2%	2,623	6,776	38.7%	Asia	2,436	6,528	37.3%	(0.1)	1.4
868	2,874	30.2%	871	2,874	30.3%	Latin America & Canada	801	2,671	30.0%	0.2	0.3
$ 11,169	**$ 26,514**	**42.1%**	**$ 11,038**	**$ 25,883**	**42.6%**	**PMI Total**	**$ 10,435**	**$ 25,035**	**41.7%**	**0.4**	**0.9**

(1) Represents the business combination in the Philippines
(2) Represents the 2009 Colombian investment and cooperation agreement charge
(3) 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 Years Ended December 31,
(Unaudited)

	2010		2009		% Change
Reported Diluted EPS	**$**	**3.92**	**$**	**3.24**	**21.0%**
Adjustments:					
Colombian investment and cooperation agreement charge		-		0.04	
Tax items		(0.07)		-	
Asset impairment and exit costs		0.02		0.01	
Adjusted Diluted EPS	**$**	**3.87**	**$**	**3.29**	**17.6%**
Less:					
Currency Impact		0.12			
Adjusted Diluted EPS, excluding Currency	**$**	**3.75**	**$**	**3.29**	**14.0%**

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

PHILIP MORRIS INTERNATIONAL

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Years Ended December 31,
(Unaudited)

	2010	2009	% Change
Reported Diluted EPS	**$ 3.92**	**$ 3.24**	**21.0%**
Less:			
Currency Impact	0.12		
Reported Diluted EPS, excluding Currency	**$ 3.80**	**$ 3.24**	**17.3%**

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

	For the Quarters Ended December 31,			For the Years Ended December 31,		
	2010	2009	% Change	2010	2009	% Change
Net cash provided by operating activities [(a)]	$ 1,581	$ 1,465	7.9%	$ 9,437	$ 7,884	19.7%
Less:						
Capital expenditures	230	232		713	715	
Free cash flow	$ 1,351	$ 1,233	9.6%	$ 8,724	$ 7,169	21.7%
Less:						
Currency impact	6			(2)		
Free cash flow, excluding Currency	$ 1,345	$ 1,233	9.1%	$ 8,726	$ 7,169	21.7%

	For the Quarters Ended December 31,			For the Years Ended December 31,		
	2010	2009	% Change	2010	2009	% Change
Net cash provided by operating activities [(a)]	$ 1,581	$ 1,465	7.9%	$ 9,437	$ 7,884	19.7%
Less:						
Currency impact	5			23		
Net cash provided by operating activities, excluding Currency	$ 1,576	$ 1,465	7.6%	$ 9,414	$ 7,884	19.4%

(a) Operating Cash Flow

PHILIP MORRIS INTERNATIONAL

2010 Full-Year and Fourth-Quarter Results

February 10, 2011