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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: 5

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REGISTRANT(S):

1. CIK: 0001413329

COMPANY: Philip Morris International Inc.

FORM TYPE: 8-K

FILE NUMBER(S):

1. 001-33708

ITEM(S):

1. 5.02

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 9, 2012

Philip Morris International Inc.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-33708
(Commission
File Number)

13-3435103
(I.R.S. Employer
Identification No.)

120 Park Avenue, New York, New York
(Address of principal executive offices)

10017-5592
(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))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) *Resignation of Named Executive Officer.* On February 9, 2012, David Bernick, Senior Vice President and General Counsel, informed Philip Morris International Inc. (the “Company”) of his intention to resign effective June 30, 2012.

(e) *Deferred Stock.* On February 9, 2012, the Compensation and Leadership Development Committee (the “Committee”) of the Board of Directors of the Company approved the grant of shares of deferred stock under the Philip Morris International Inc. 2008 Performance Incentive Plan, as amended and restated effective February 11, 2010 (the “2008 Performance Incentive Plan”), to the following named executive officers in the amounts indicated below:

Name	Shares of Deferred Stock
André Calantzopoulos	86,810
Louis C. Camilleri	189,080
Matteo L. Pellegrini	35,290
Hermann G. Waldemer	64,940

All awards of deferred stock vest on February 18, 2015. The form of deferred stock agreement is attached as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated by reference herein.

Annual Incentive Compensation Awards. On February 9, 2012, the Committee approved annual incentive compensation awards for 2011, payable in cash, to the following named executive officers, in the amounts indicated below:

Name	Annual Incentive	Compensation Award
David Bernick	CHF 4,100,000	\$ 4,495,117 ⁽¹⁾
André Calantzopoulos	CHF 5,236,800	\$ 5,741,470 ⁽¹⁾
Louis C. Camilleri	\$ 8,820,000	
Matteo L. Pellegrini	CHF 2,140,600	\$ 2,346,890 ⁽¹⁾
Hermann G. Waldemer	CHF 3,940,000	\$ 4,319,698 ⁽¹⁾

⁽¹⁾ Annual incentive compensation awards earned in Swiss Francs are converted to U.S. dollars using the average conversion rate on February 9, 2012 of CHF1.00 = \$1.09637.

Future Programs

On February 9, 2012, the Committee approved the formulae for determining the maximum award amounts for equity awards issued in 2013 with respect to 2012 and for 2012 incentive compensation awards. The formulae reflect the Company’s intention to preserve, to the extent possible, the tax deductibility of equity awards and cash incentive compensation made to covered officers under Section 162(m) (1) – (4) of the Internal Revenue Code.

Under the formula for equity awards, the maximum equity award grant value amounts for the 2013 equity awards are determined based on a performance incentive pool equal to 0.75% of the adjusted net earnings of the Company. Adjusted net earnings of the Company is defined as the net earnings before

extraordinary items, discontinued operations and the cumulative effect of accounting changes and excluding certain other items designated by the Committee. In addition, individual awards are limited to the maximum provided in the 2008 Performance Incentive Plan of one million shares or such lesser number as may be provided in any successor plan.

Under the formula for incentive compensation awards, the maximum award amounts are determined based on a performance incentive pool equal to 0.6% of the 2012 adjusted net earnings as defined above. In addition, individual award amounts are limited to the shareholder-approved maximum set forth in the 2008 Performance Incentive Plan of \$12.0 million.

At the conclusion of 2012, the performance pools for the 2013 deferred stock awards and the incentive compensation awards will be calculated and divided among the covered officers. The Chairman and Chief Executive Officer's maximum award from each performance pool is limited to one-third of the pool, and the remaining covered officers each will be eligible for a maximum award equal to one-sixth of the pool, in each case, subject to the individual maximum awards defined in the 2008 Performance Incentive Plan.

The Company will provide additional information regarding the compensation of its named executive officers in its proxy statement for the 2012 Annual Meeting of Shareholders, which will be issued in April 2012.

Agreement with Mr. Bernick. In connection with Mr. Bernick's resignation, his employment agreement was terminated, and he and Philip Morris International Management SA entered into a Separation Agreement and Release (the "Agreement") with the following terms:

- Mr. Bernick provides the Company a general release;
- Mr. Bernick agrees to maintain the confidentiality of Company information;
- Mr. Bernick agrees not to compete with the Company for twelve months in exchange for a payment at the end of that period in the amount of CHF 1,450,007 (\$ 1,589,744 based on the average conversion rate on February 9, 2012 of CHF1.00 = \$1.09637); and
- Mr. Bernick will not receive an equity award for his 2011 service, and he will not receive pro rated incentive or equity awards for 2012, but his previously granted 147,440 shares of deferred stock will vest as provided in the Agreement.

The foregoing summary of the Agreement is qualified in its entirety by reference to the Agreement, which is filed as Exhibit 10.2 and is incorporated herein by reference.

The internal announcement in connection with Mr. Bernick's resignation is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

10.1 Form of Deferred Stock Agreement

10.2 Separation Agreement and Release between Philip Morris International Management SA and David Bernick

99.1 Internal Announcement by Philip Morris International Inc.

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 13, 2012

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Deferred Stock Agreement
10.2	Separation Agreement and Release between Philip Morris International Management SA and David Bernick
99.1	Internal Announcement by Philip Morris International Inc.

**PHILIP MORRIS INTERNATIONAL INC.
2008 PERFORMANCE INCENTIVE PLAN
(as amended and restated effective February 11, 2010)**

**DEFERRED STOCK AGREEMENT
FOR PHILIP MORRIS INTERNATIONAL INC. COMMON STOCK
(February 9, 2012)**

PHILIP MORRIS INTERNATIONAL INC. (the "Company"), a Virginia corporation, hereby grants to the employee identified in the Award Statement (the "Employee") under the Philip Morris International Inc. 2008 Performance Incentive Plan (as amended and restated effective February 11, 2010) (the "Plan"), a Deferred Stock Award (the "Award") dated February 9, 2012 (the "Award Date") with respect to the number of shares set forth in the Award Statement (the "Deferred Shares") of the Common Stock of the Company (the "Common Stock"), all in accordance with and subject to the following terms and conditions:

1. Restrictions. Subject to Section 2 below, the restrictions on the Deferred Shares shall lapse and the Deferred Shares shall vest on the Vesting Date set forth in the Award Statement (the "Vesting Date"), provided that the Employee remains an employee of the PMI Group during the entire period commencing on the Award Date and ending on the Vesting Date, and provided further that the Employee has complied with all applicable provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR").

2. Termination of Employment Before Vesting Date. In the event of the termination of the Employee's employment with the PMI Group prior to the Vesting Date due to death, Disability or Normal Retirement, the restrictions on the Deferred Shares shall lapse and the Deferred Shares shall become fully vested on the date of death, Disability, or Normal Retirement.

Subject to the provisions of section 6(a) of the Plan, if the Employee's employment with the PMI Group is terminated for any reason other than death, Disability, or Normal Retirement prior to the Vesting Date, the Employee shall forfeit all rights to the Deferred Shares. Notwithstanding the foregoing and except as provided in section 6(a) of the Plan, upon the termination of an Employee's employment with the PMI Group, the Compensation Committee of the Board of Directors of the Company may, in its sole discretion, waive the restrictions on, and the vesting requirements for, the Deferred Shares.

3. Voting and Dividend Rights. The Employee does not have the right to vote the Deferred Shares or receive dividends prior to the date, if any, such Deferred Shares are paid to the Employee in the form of Common Stock pursuant to the terms hereof. However, unless otherwise determined by the Committee, the Employee shall receive cash payments (less applicable withholding taxes) in lieu of dividends otherwise payable with respect to shares of Common Stock equal in number to the Deferred Shares that have not been forfeited, as such dividends are paid.

4. Transfer Restrictions. This Award and the Deferred Shares are non-transferable and may not be assigned, hypothecated or otherwise pledged and shall not be subject to execution, attachment or similar process. Upon any attempt to effect any such disposition, or upon the levy of any such process, the Award shall immediately become null and void and the Deferred Shares shall be forfeited. These restrictions shall not apply, however, to any payments received pursuant to Section 7 below.

5. Withholding Taxes. The Company is authorized to satisfy the actual minimum statutory withholding taxes arising from the granting, vesting, or payment of this Award, as the case may be, by deducting the number of Deferred Shares having an aggregate value equal to the amount

of withholding taxes due from the total number of Deferred Shares awarded, vested, paid, or otherwise becoming subject to current taxation. The Company is also authorized to satisfy the actual withholding taxes arising from the granting or vesting of this Award, or hypothetical withholding tax amounts if the Employee is covered under a Company tax equalization policy, as the case may be, by the remittance of the required amounts from any proceeds realized upon the open-market sale of the Common Stock received in payment of vested Deferred Shares by the Employee. Deferred Shares deducted from this Award in satisfaction of actual minimum withholding tax requirements shall be valued at the Fair Market Value of the Common Stock received in payment of vested Deferred Shares on the date as of which the amount giving rise to the withholding requirement first became includible in the gross income of the Employee under applicable tax laws. If the Employee is covered by a Company tax equalization policy, the Employee also agrees to pay to the Company any additional hypothetical tax obligation calculated and paid under the terms and conditions of such tax equalization policy.

6. Death of Employee. If any of the Deferred Shares shall vest upon the death of the Employee, any Common Stock received in payment of the vested Deferred Shares shall be registered in the name of the estate of the Employee except that, to the extent permitted by the Compensation Committee, if the Company shall have received in writing a beneficiary designation, the Common Stock shall be registered in the name of the designated beneficiary.

7. Payment of Deferred Shares. Each Deferred Share granted pursuant to this Award represents an unfunded and unsecured promise of the Company to issue to the Employee, on or as soon as practicable after the date the Deferred Share becomes fully vested pursuant to Section 1 or 2 and otherwise subject to the terms of this Agreement, the value of one share of the Common Stock. Except as otherwise expressly provided in the Statement and subject to the terms of this Agreement, such issuance shall be made to the Employee (or, in the event of his or her death to the Employee's estate or beneficiary as provided above) in the form of Common Stock as soon as practicable following the full vesting of the Deferred Share pursuant to Section 1 or 2, provided, however, that if the Company determines that settlement in the form of Common Stock is impractical or impermissible under the laws of the Employee's country of residence, the Deferred Shares will be settled in the form of cash, and provided further that any applicable waiting period under HSR has expired or been terminated.

8. Special Payment Provisions. Notwithstanding anything in this Agreement to the contrary, if the Employee is subject to US Federal income tax on any part of the payment of the Deferred Shares, and will become eligible for Normal Retirement (A) for Deferred Shares with a Vesting Date between January 1 and March 15, before the calendar year preceding the Vesting Date and (B) for Deferred Shares with a Vesting Date after March 15, before the calendar year in which such Vesting Date occurs, then the Deferred Shares shall be subject to the following provisions of this Section 8. If the Employee is a "specified employee" within the meaning of section 409A of the Internal Revenue Code and the regulations thereunder ("Code section 409A"), any payment of Deferred Shares under Section 7 that is on account of his separation from service and is scheduled to be paid within six months after such separation from service shall accrue without interest and shall be paid on the first day of the seventh month beginning after the date of the Participant's separation from service or, if earlier, within fifteen days after the appointment of the personal representative or executor of the Participant's estate following the Participant's death. In the event of a "Change in Control" under section 6(c) of the Plan that is not also a "change in control event" with the meaning of Treas. Reg. §1.409A-3(i)(5)(i), the Deferred Shares shall vest as set forth in section 6(a) of the Plan, but shall not be paid upon such Change in Control as provided by section 6(a) of the Plan, and shall instead be paid at the time the Deferred Shares would otherwise be paid pursuant to this Agreement. References to termination of employment and separation from service shall be interpreted to mean a separation from service, within the meaning of Code section 409A, with the

Company and all of its affiliates treated as a single employer under Code section 409A. This Agreement shall be construed in a manner consistent with Code section 409A.

9. Board Authorization in the Event of Restatement. Notwithstanding anything in this Agreement to the contrary, if the Board of Directors of the Company or an appropriate Committee of the Board determines that, as a result of fraud, misconduct, a restatement of the Company's financial statements, or a significant write-off not in the ordinary course affecting the Company's financial statements, an Employee has received more compensation in connection with this Award than would have been paid absent the fraud, misconduct, write-off or incorrect financial statement, the Board or Committee, in its discretion, shall take such action with respect to this Award as it deems necessary or appropriate to address the events that gave rise to the fraud, misconduct, write-off or restatement and to prevent its recurrence. Such action may include, to the extent permitted by applicable law, causing the partial or full cancellation of this Award and, with respect to Deferred Shares that have vested, requiring the Employee to repay to the Company the partial or full Fair Market Value of the Award determined at the time of vesting. The Employee agrees by accepting this Award that the Board or Committee may make such a cancellation, impose such a repayment obligation, or take other necessary or appropriate action in such circumstances.

10. Other Terms and Definitions. The terms and provisions of the Plan (a copy of which will be furnished to the Employee upon written request to the Office of the Secretary, Philip Morris International Inc., 120 Park Avenue, New York, New York 10017) are incorporated herein by reference. To the extent any provision of this Award is inconsistent or in conflict with any term or provision of the Plan, the Plan shall govern. Capitalized terms not otherwise defined herein have the meaning set forth in the Plan. Subject to the provisions of section 6(a) of the Plan, in the event of any merger, share exchange, reorganization, consolidation, recapitalization, reclassification, distribution, stock dividend, stock split, reverse stock split, split-up, spin-off, issuance of rights or warrants or other similar transaction or event affecting the Common Stock after the date of this Award, the Board of Directors of the Company is authorized, to the extent it deems appropriate, to make adjustments to the number and kind of shares of stock subject to this Award, including the substitution of equity interests in other entities involved in such transactions, to provide for cash payments in lieu of Deferred Shares, and to determine whether continued employment with any entity resulting from such a transaction will or will not be treated as continued employment with the PMI Group, in each case subject to any Board or Committee action specifically addressing any such adjustments, cash payments, or continued employment treatment.

For purposes of this Agreement, (a) the term "Disability" means permanent and total disability as determined under procedures established by the Company for purposes of the Plan, and (b) the term "Normal Retirement" means retirement from active employment under a pension plan of any member of the PMI Group or under an employment contract with any member of the PMI Group on or after the date specified as the normal retirement age in the pension plan or employment contract, if any, under which the Employee is at that time accruing pension benefits for his or her current service (or, in the absence of a specified normal retirement age, the age at which pension benefits under such plan or contract become payable without reduction for early commencement and without any requirement of a particular period of prior service). In any case in which (i) the meaning of "Normal Retirement" is uncertain under the definition contained in the prior sentence or (ii) a termination of employment at or after age 65 would not otherwise constitute "Normal Retirement," an Employee's termination of employment shall be treated as a "Normal Retirement" under such circumstances as the Committee, in its sole discretion, deems equivalent to retirement. "PMI Group" means the Company and each of its subsidiaries and affiliates. Generally, for purposes of this Agreement, (x) a "subsidiary" includes only any company in which the Company, directly or indirectly, has a beneficial ownership interest of greater than 50 percent and (y) an "affiliate" includes only any company that (A) has a beneficial ownership interest, directly or indirectly, in the Company of greater than 50 percent or (B) is under common control with the Company through a parent company

that, directly or indirectly, has a beneficial ownership interest of greater than 50 percent in both the Company and the affiliate.

IN WITNESS WHEREOF, this Deferred Stock Agreement has been duly executed as of February 9, 2012.

PHILIP MORRIS INTERNATIONAL INC.

/s/ JERRY WHITSON

Jerry Whitson

Deputy General Counsel and Corporate Secretary
Philip Morris International Inc.



BY HAND

Mr. David Bernick

February 10, 2012

Separation Agreement and Release (the “Agreement”)

Dear David,

We refer to the discussion you had yesterday with Louis Camilleri during which you resigned from your employment with Philip Morris International Management S.A. (“the Company”) effective June 30, 2012, and we would like to confirm additional terms and conditions relating to your resignation as follows.

1. Definitions

In this Agreement the expressions below shall have the following meanings:

An “Affiliate” of a company means any person, company, group of companies or other entity, which, either directly or indirectly, owns, is owned by, has common owner(s) with, or shares ownership interest in that company.

“Confidential Information” shall have the meaning set out in Section 9.

The “Tobacco Business” means the manufacture, sale, marketing and/or distribution of cigarettes or other tobacco products.

2. Ending of Employment Agreement

As per the Termination Letter dated February 9, 2012, your employment with the Company will end on June 30, 2012 (the “Termination Date”). However, you will be exempt from any further obligation to appear for work and to render any services on behalf of the Company or any of its Affiliates after February 29, 2012 (the “Physical Exit Date”), and you agree that you will not engage in any activities for, or be present at, the Company or any of its Affiliates

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after that date, unless you are specifically requested to do so by Louis Camilleri on or prior to June 30, 2012.

3. Payments by the Company

(a) Your salary will be paid up to and including the Termination Date, together with the following, each of which will be paid in a single sum within 30 days after the Termination Date:

- (i) the pro-rated 13th month salary for the period January 1, 2012 to the Termination Date;
- (ii) any outstanding vacation entitlement, as per Company records, provided that, if the vacation you have taken exceeds your pro-rated vacation entitlement, the Company will deduct the vacation days you took in excess of the entitlement from other payments under this Agreement; and
- (iii) your pro-rated fidelity premium.

(b) In addition, in consideration for the non-competition obligation in Section 12 and subject to the condition that you fully comply with all of your obligations to the Company under this Agreement, you will receive a lump sum payment in the total gross amount of CHF 1'450'007.—, which will be paid to you within 30 days after the end of the twelve-month non-compete period described in Section 12.

(c) You expressly agree that (i) no payment will be made (and that you are not entitled to any amount) for (or in lieu of) the pro-rated 2012 Incentive Compensation (IC), and (ii) no equity award will be made with respect to 2011 performance, no pro-rated 2012 equity award will be made, and no payments will be made in lieu thereof.

(d) Subject to your compliance with the terms and conditions of this Agreement, the unvested stock awards previously granted to you, namely 147,440 shares of deferred stock, shall fully vest on the Physical Exit Date.

The accelerated vesting will be implemented by UBS Financial Services Inc. ("UBS") on the Physical Exit Date and shares will be issued to you within 30 days after that date. The Company will comply with local laws and regulations including wage tax withholding (income and/or social security) and information reporting to the taxing authorities as may be required.

Your wage tax withholding (and any other withholding of payroll taxes) will be satisfied by deducting the number of shares equal in value to the amount of the withholding requirements from your stock award; therefore, the number of shares deposited into your UBS account on the vesting date will be net of the shares used to satisfy applicable withholding taxes (rounded

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up to the nearest whole share).

You understand and agree that this vesting is being accelerated, and the valuation will be determined, in accordance with the terms established at the sole discretion of the Company.

(e) The amounts payable pursuant to this Section 3 will be subject to income tax and social security deductions, if applicable. If necessary, in particular should you no longer be residing in Switzerland when such payments are made, the Company will make any applicable Swiss tax withholdings from such payments. Notwithstanding the preceding, it shall be your responsibility to make all tax payments in respect of your receipt of these amounts.

(f) Any outstanding balance on the account of the corporate credit card issued in your name as of the Termination Date and any other amounts that for any reason you may owe to the Company as of the Termination Date will be set-off from the sums payable pursuant to this Section 3.

(g) If you seek to revoke your resignation or if the Termination Date as defined in this Agreement is postponed for any reason whatsoever, the accelerated vesting described in sub-section 3(d) shall not occur.

(h) In the event of your death before the payment to you of all the amounts referred to above, subject to your having complied in full with the terms of this Agreement at the date of your death, the Company will pay your designated beneficiary the balance of the amounts unpaid within two months from your death, with the actual date of payment determined within the sole discretion of the Company.

4. Tax advice

The Company will also pay the fees of KPMG for the preparation of your 2012 and 2013 Swiss and US tax returns. The fees paid by the Company represent a taxable benefit to you and will be subject to income tax and social security deductions, if applicable. All such in-kind benefits under this paragraph must be incurred no later than the year 2013 (for the 2012 tax returns) and 2014 (for the 2013 tax returns) and all reimbursements with respect to such tax year expenses will be made within twelve months after the year incurred, and in any event, no later than December 31, 2014 (for the 2012 tax returns) and December 31, 2015 (for the 2013 tax returns).

5. Company Car

You will have the option to buy your present Company car at its current net book value, with the option exercisable before May 31, 2012. If you exercise this option, the difference between the market and the book value will represent a taxable benefit for you and will be subject to income tax and social security deductions, if applicable. The transfer will be

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effective on the Termination Date. Insurance of the car will become your responsibility on the Termination Date. The Company will not require reimbursement of the registration tax paid for 2012, but payment for 2013 and beyond shall be your responsibility. The Company will be entitled to deduct payment for the car from your last payment of salary and/or from any other payment due to you according to this Agreement. No warranties will be given as to the condition of the car, and you will be deemed to have full knowledge thereof. If you decide not to exercise your option to buy the Company car, it will be your obligation to return it to the Company on or before the Termination Date, in accordance with the terms of the relevant Company car policy.

6. Relocation

In the event that you decide to relocate from Lausanne, Switzerland, to Chicago, Illinois, USA within one year from your Termination Date, the Company agrees to pay for (i) the removal of the furniture and household goods of you and your family members living with you, to your new home in Chicago, Illinois, USA, and (ii) a one-way air ticket from Lausanne to Chicago, Illinois, USA, for you and your family members living with you, according to the PMI Business Travel Policy. Should you decide to relocate to another location, the budget for the shipment and air tickets will be capped at the cost of the same shipment and air tickets to Chicago, Illinois, USA. The Company will choose and contract with a removal company of its choice and the relevant provisions of the PMI International Assignment Policy will apply. Any amounts reimbursed to you pursuant to this Section 6 shall be payable within 60 days of receipt of the corresponding expense statement; provided, however, that you must submit any such expense statement to the Company no later than 90 days prior to the end of the calendar year following the year you incur the expense.

7. Pension Fund

Please contact our Pension Fund Administration directly about your accrued rights or other pension benefits.

8. Health / Accident Insurance

All your welfare benefits will be kept in force until the Termination Date, with the exception of the accident insurance (LAA coverage only), which will cover you for an additional thirty (30) days. After that each type of coverage ends, you may elect to maintain coverage with Groupe Mutuel under the Company's contract at your full expense or to seek alternative private coverage at your full expense.

9. Confidentiality

You acknowledge that during your employment you were engaged in a position of trust and confidence and you were privy to Confidential Information (as defined below). You acknowledge that it benefits both the Company and its employees for the Company to protect

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its Confidential Information and to obtain the rights to discoveries, inventions, improvements, innovations and other works developed by its employees. You acknowledge your duties of confidentiality and your obligations as an attorney with respect to the Company will continue in accordance with your contractual, professional and statutory obligations. This Agreement does not prevent you or the Company from responding truthfully to a lawfully issued subpoena, court order or other lawful request by any regulatory agency or governmental authority.

You must return any Confidential Information in tangible or electronic form in your possession by the Physical Exit Date at the latest.

You agree that, unless you are required by a lawfully issued subpoena, court order or other lawful request by any regulatory agency or governmental authority, you will not disclose or cause to be disclosed in any way:

- any Confidential Information; or
- any documents or information obtained by you relating to or arising out of your employment with the Company or the operations of the Company;
- any information about business or legal strategies; or
- any information covered by the attorney client privilege or constituting attorney work product.

You understand that use or disclosure of Confidential Information would violate this Agreement and applicable law, and would cause immediate and irreparable harm to the Company and its competitive position. You thus acknowledge and agree that the Company is entitled to (and you will be bound by) preliminary and permanent injunctive relief in order to prevent or stop such violations, in addition to damages, costs, and other relief that may be appropriate. In particular, if it will be established by a decision of any competent court, your unconditional admission or mutual agreement that you have breached your duty to keep Confidential Information confidential, you will not be entitled to any future payments under this Agreement and will reimburse the Company for any and all payments made to you hereunder. If you are required by a lawfully issued subpoena, court order or other lawful request by any regulatory agency or governmental authority to disclose any Confidential Information, you agree to notify the Company (specifically, the Company representative who has signed this Agreement, or his successor) as soon as practicable.

For purposes of this Agreement, Confidential Information shall mean any information obtained as a result of your employment by the Company including its current or former employees, current or former customers, or potential customers that belongs to the Company or is private (not publicly known or available), whether or not it is designated that way in writing. Examples of Confidential Information include, but are not limited to: trade secrets; intellectual property; business strategies; litigation strategies; customers or prospective

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customers; sales, marketing or advertising; business policies; government relations; finances; products, services, or pricing; business development matters; organizational structure; research and development; legal strategies; technology (including methods, systems, techniques, procedures, designs, specifications, formulae, inventions, know-how, hardware and software); data and databases; testing or evaluation procedures; and other information of a similar nature. Confidential Information also includes information you prepared or developed during your employment with the Company, and other information to which you had access. The information can take any form, including written or electronic, and includes all copies of such Confidential Information.

Unless required by a lawfully issued subpoena, court order or other lawful request by any regulatory agency or governmental authority to release information, the Company will keep any information with respect to your employment and/or the end of your employment strictly confidential, subject to the Company's obligations under the securities laws, pursuant to which it intends to announce your resignation and to file the Agreement with the US Securities Exchange Commission.

These confidentiality obligations continue to be valid and enforceable after the end of your employment relationship but, with respect to any particular Confidential Information, for only so long as such Confidential Information has been maintained as confidential by the Company.

Both parties agree not to speak disparagingly of the other party.

10. Affiliate Directorships

You agree to resign as a Director, Manager or similar positions of all Affiliates of the Company of which you are a director, a manager or a similar position on or before the Termination Date, by signing the resignation letter(s) that the Company shall submit to you.

11. Company Property

In addition to your obligation to return Confidential Information by the Physical Exit Date at the latest, you will also return to the Company by that date all files, documents, tapes, CD's, and copies thereof, and other items belonging to the Company and its Affiliates irrespective of their source and origin, including, where applicable, credit cards, telephone cards, blackberry, SmartPhones (HTC, QTEK), iPhones, keys, access and identification cards, and computers, and, if requested, will certify that this has been done to the best of your belief. You may however keep the mobile telephone provided to you by the Company or its Affiliates, on condition that you pay all future bills and bear all expenses related thereto as of the Physical Exit Date.

If you have not exercised your option to buy the Company car as per Section 5, it must be returned by the Termination Date.

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12. Non Competition

You recognize and agree that you have access to information relating to the Company and its Affiliates, and their respective businesses, including business plans and strategies, which are highly confidential, and that you have been employed by the Company in a special position of trust. You also recognize that the Company is undertaking, pursuant to Section 3 of this Agreement, to make substantial payments to you generally, and specifically in respect of your obligations under this Section.

In consideration of the foregoing, you agree that you will not, without the prior written consent of the Chief Executive Officer of the Company, provide any services between the date of this Agreement and the Termination Date and for a period of 12 months from the Termination Date, directly or indirectly, whether as an employee, consultant or otherwise, to any person, company, group of companies or other entity (i) engaged in the Tobacco Business, or (ii) which owns directly or indirectly, either individually or jointly with other parties and whether through ownership of voting securities or otherwise, more than 5% of the equity ownership of any person, company, group of companies or other entity engaged in the Tobacco Business, or (iii) one of the purposes of which is to take positions or actions in opposition to the Tobacco Business.

Your obligations in the preceding paragraph shall apply worldwide, including, without limitation, with respect to Japan Tobacco Inc., Imperial Tobacco Group p.l.c., British American Tobacco p.l.c., China National Tobacco Company, and their Affiliates.

You further agree between the date of this Agreement and the Termination Date and for a period of 12 months from the Termination Date not to acquire a financial interest or shares in an enterprise engaged in the Tobacco Business or to enter into a partnership with such an enterprise. The acquisition of 5% or less of shares in a publicly held corporation will not be deemed a violation of this covenant not to compete.

In case of any violation of this covenant not to compete, you agree that the Company will retain, and you will forfeit your right to, the amount of CHF 1'450'007.— provided for in consideration for the non competition obligation, or if already paid, you will return such amount to the Company. Moreover, in case of such a violation, a contractual penalty of CHF 500'000.— shall be due by you to the Company. In addition, the Company reserves the right to seek further damages and/or specific performance of this covenant not to compete.

13. Future Relationship and Cooperation

You agree that, consistent with applicable law and to the extent the Company or any of its Affiliates so requests, you will cooperate reasonably and truthfully with the requesting company in connection with any matter, including any legal or business dispute, with which you were involved or had knowledge of while employed by the Company and its Affiliates, including but not limited to any enquiry, proceeding, hearing, or investigation by or before

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any administrative, executive, judicial or legislative body or agency, or within the Company and its Affiliates. You agree to make yourself available if and when reasonably required by the Company, its Affiliates or relevant counsel, taking into account your schedule. The Company will reimburse you for all reasonable travel and other out-of-pocket expenses incurred by you in connection with your compliance with this obligation. Such amounts shall be payable within 60 days of receipt of the corresponding expense statement provided, however, that you must submit any such expense statement to the Company no later than 90 days prior to the end of the calendar year following the year you incur the expense.

You agree that, to the extent consistent with applicable law, you will not aid, assist, or participate in any legal action or proceeding filed by third parties against the Company or its Affiliates or, against any of its or their current or former officers, directors, employees, employee benefit plans or funds or pension funds.

Nothing in this section shall prohibit you from responding truthfully to a lawfully-issued subpoena, court order, or other lawful request by any regulatory agency or governmental authority.

Should you have to defend against any claim raised by a third party relating to the activities you performed within the context of your employment with the Company, the Company shall indemnify you to the fullest extent permitted by applicable law for any amount said third party may succeed in claiming from you and any costs reasonably incurred by you in defending against such a claim, provided (i) you do your best to defend yourself and (ii) the amount to be paid to such third party appears in a final and enforceable Court decision or in a settlement agreement approved by the Company.

14. Code Section 409A

The payments and benefits provided under this Agreement are intended to be exempt from or to comply with the applicable requirements of Section 409A of the US Internal Revenue Code, as amended (the "Code"). Accordingly, where applicable, this Agreement shall be construed and administered in a manner consistent with this intention. You understand that you are a "specified employee" within the meaning of Code Section 409A and that, to the extent necessary to comply with Code Section 409A, certain payments or benefits under this Agreement will not be provided to you prior to the earlier of the date of your death or the first day of the seventh month after your "separation from service" (as defined in Code Section 409A). The determination of whether any of your payments are subject to the Code Section 409A six-month waiting period shall be made in the sole discretion of the Company. In making that determination, the Company shall have complete discretion in estimating the value of any in-kind benefits to which you are entitled. Notwithstanding the preceding, the Company shall not be liable to you or any other person if the US Internal Revenue Service or any court or other authority having jurisdiction over such matter determines for any reason that any payments under this Agreement are subject to taxes, penalties or interest as a result of

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failing to comply with Code Section 409A, and you shall be solely liable for any such taxes, penalties or interest. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days following the Termination Date"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

15. Agreement and Release

By countersigning this Agreement and in consideration of the payments to be made by the Company to you or for your benefit:

- (i) you hereby confirm that you accept and agree to all of the terms and conditions set forth above and you represent that you do not today or presently expect that you will in the future have any claim or interest adverse to the Company or any of its Affiliates;
- (ii) you also acknowledge that this Agreement provides consideration to you which you are not legally entitled to receive in connection with your employment with the Company and/or the end of said employment, or under any other agreement. In exchange for receiving this additional consideration, you agree, on behalf of yourself, your heirs, personal representatives, executors, administrators, successors and assigns, to forever release and discharge the Company, its Affiliates, and its and their respective successors, predecessors, divisions, assigns, assets, employee benefit plans or funds, pension funds, and any of its or their respective past, present and/or future representatives, shareholders, directors, officers, fiduciaries, agents, trustees, administrators, and employees (collectively referred to as the "Releasees"), from any and all claims, demands, damages, remedies, contracts (express or implied) and causes of action of any kind or nature whatsoever, whether known or unknown, which you had, now have or in the future may or could have against the Releasees, or any of them, by reason of any matter, act, omission or event that occurred, or is alleged to have occurred, up to the date of effectiveness of this Agreement, including, but not limited to, any and all claims in connection with your employment with the Company (or with any other Releasee) and/or your separation therefrom. The foregoing releases shall not apply to any claims for monies due under this Agreement.
- (iii) you hereby acknowledge and agree that all overtime work you might have performed, if any, has been compensated in full;
- (iv) if any provision of this Agreement is held by a court of competent jurisdiction to be overbroad, unreasonable or unenforceable, such provision shall be given effect by the court to the maximum extent possible by narrowing or not enforcing in part that

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aspect of the provision found overbroad, unreasonable or unenforceable, without affecting the validity or enforceability of the remainder of this Agreement; and

- (v) you hereby agree that this Agreement sets out all the terms and conditions relating to the ending of your employment with the Company and supersedes all discussions and understandings, if any, oral or written.

You represent that you have not, and agree that, to the extent permitted by law, you will not, bring or cause to be brought any charges, claims, demands, or actions in any forum against the Company or any other Releasee arising from any matter, act, omission or event that occurred or is alleged to have occurred, up to the date of effectiveness of this Agreement, including, but not limited to, any charge or claim in connection with your employment and/or your separation from employment, except for any claim related to settlement of any outstanding expenses pursuant to the Company's Expense Account Policy and the payments to be made pursuant to Section 3.

This waiver and release includes all claims of any kind, whether they are known to you or unknown, which you now have, had, or may hereafter claim to have had against the Company, its Affiliates and other Releasees, or any of them, by reason of any matter, act, omission, or event that has occurred or is alleged to have occurred up to the date of this Agreement, except for claims that cannot be waived or released under Swiss law. Further, although the Company and you agree below that no federal, state, or local U.S. employment laws apply to your employment relationship with the Company or its Affiliates, the waiver and release include, but are not limited to, claims under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Civil Rights Act of 1866, the Age Discrimination in Employment Act, as amended, the Americans With Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the New York State Human Rights Law, the New York Equal Pay Law, the New York City Administrative Code, and the Employee Retirement Income Security Act, as amended, to the extent, if at all, that these may be applicable, and/or all other applicable city, state or federal anti-discrimination and employment laws.

This Agreement does not waive or release any rights or claims that you may have which arise after the date this Agreement and Release becomes effective.

Nothing in this Agreement prevents you from filing an employment discrimination charge with an administrative authority or cooperating with the investigation of such a charge. However, you expressly waive your right to any personal relief for claims released by this section, including lost wages, salary, benefits, money damages, attorneys' fees, costs, reinstatement or any other legal or equitable relief whatsoever. You waive such personal relief even if it is sought on your behalf by an agency, a governmental authority, or a person claiming to represent you and/or any member of a class.

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The making of this Agreement is not intended to be, and shall not be construed, as an admission that the Company or any of the Releasees violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever against you.

16. Review Period

This offer of mutual agreement is made without prejudice. Your right to receive the payments and benefits described in Section 3 is contingent on your executing this Agreement and returning it to the Senior VP Human Resources, within 21 days of your receipt of this Agreement and your not revoking your acceptance of this Agreement as set forth below.

You acknowledge that you have at least 21 days from the date you receive this Agreement to consider its terms. You may, if you want, sign and return this Agreement to the Company sooner. If you do so, however, you are waiving your right to the 21-day consideration period. You further agree that any changes to this Agreement, whether material or otherwise, will not restart the 21-day consideration period. You are advised in writing to discuss this Agreement with an attorney and other professional persons unrelated to the Company before you sign it. You acknowledge you are entering into this Agreement freely, knowingly, and voluntarily, with a full understanding of its terms.

The Agreement will be null and void if not accepted by March 5, 2012. Such acceptance shall be evidenced by your signature of this Agreement and delivery to the Company. You will have 7 days from the date you sign and deliver this Agreement to revoke the Agreement by notifying the Company prior to the end of the seven-day period. The Agreement will become effective on the 8th day after you execute and deliver the Agreement.

17. Governing Law and Jurisdiction

Any issues relating to or arising out of this Agreement shall be governed exclusively by the laws of Switzerland without regard to its conflict of law provisions and shall be subject to the exclusive jurisdiction of the competent courts of the Canton de Vaud, Switzerland. However, each party is hereby expressly authorized and entitled to initiate judicial action seeking preliminary or permanent injunctive relief with respect to the obligations set forth under the confidentiality provisions of this Agreement, before any other court of competent jurisdiction.

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Yours faithfully,

**PHILIP MORRIS INTERNATIONAL
MANAGEMENT SA**

Kevin Click
Senior VP Human Resources PMI

Ralf Zysk
VP CoE Reward & Retain and Mobility

I agree to the above:

Name: /s/ David Bernick
(David Bernick)

Date: February 10, 2012

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In connection with the resignation of Mr. Bernick, the Company issued the following internal announcement:

In the past few weeks, David Bernick, Senior Vice President and General Counsel, and I have had numerous candid discussions regarding his personal aspirations and objectives given his widely acknowledged expertise and immense intellectual capabilities. As a result of these conversations, I regret to inform you that David has concluded that his ambitions would be best served by pursuing other attractive avenues available to him. Accordingly, late last week, he tendered his resignation which I have accepted. In so doing, he has pledged his full support and availability, if required, to assure a smooth transition through to the end of June 2012.

I wish to take this opportunity to both acknowledge David's accomplishments and thank him wholeheartedly for the significant value he has brought to PMI since he joined us in March 2010. His contributions to the function he leads and to numerous PMI strategic priorities, not least of which included the invaluable insights and creative work on our Next Generation Products, will endure for years to come.

I know that you will all join me in wishing David all the success he so amply deserves and wish him well for the future. He leaves with our gratitude and highest regard.

I trust that I will be in a position to announce David's successor in the very near future.