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 5, 2015

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 5, 2015, Philip Morris International Inc. (the "Company") issued a press release announcing its financial results for the quarter ended December 31, 2014 and the fiscal year ended December 31, 2014 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 script 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 5, 2015 (furnished pursuant to Item 2.02)

99.2 Conference Call Script dated February 5, 2015 (furnished pursuant to Item 2.02)

99.3 Webcast Slides dated February 5, 2015 (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 5, 2015

EXHIBIT INDEX

Exhibit No.	Description
99.1	Philip Morris International Inc. Press Release dated February 5, 2015 (furnished pursuant to Item 2.02)
99.2	Conference Call Script dated February 5, 2015 (furnished pursuant to Item 2.02)
99.3	Webcast Slides dated February 5, 2015 (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 2014 RESULTS;
PROVIDES 2015 EARNINGS PER SHARE FORECAST

2014 Full-Year

- Reported diluted earnings per share of $4.76, down by $0.50 or 9.5% versus $5.26 in 2013
  - Excluding unfavorable currency of $0.80, reported diluted earnings per share up by $0.30 or 5.7% versus $5.26 in 2013 as detailed in the attached Schedule 17
- Adjusted diluted earnings per share of $5.02, down by $0.38 or 7.0% versus $5.40 in 2013
  - Excluding unfavorable currency of $0.80, adjusted diluted earnings per share up by $0.42 or 7.8% versus $5.40 in 2013 as detailed in the attached Schedule 16
- Cigarette shipment volume of 856.0 billion units, down by 2.8% excluding acquisitions
- Reported net revenues, excluding excise taxes, of $29.8 billion, down by 4.6%
  - Excluding unfavorable currency and the impact of acquisitions, reported net revenues, excluding excise taxes, up by 2.0% as detailed in the attached Schedule 14
- Reported operating companies income of $12.1 billion, down by 12.4%
  - Excluding unfavorable currency and the impact of acquisitions, reported operating companies income down by 1.6%
- Adjusted operating companies income, reflecting the items detailed in the attached Schedule 15, of $12.6 billion, down by 10.5%
  - Excluding unfavorable currency and the impact of acquisitions, adjusted operating companies income was flat
- Reported operating income of $11.7 billion, down by 13.4%
- Increased the regular quarterly dividend by 6.4% to an annualized rate of $4.00 per common share
- Repurchased 45.2 million shares of the company's common stock for $3.8 billion

2014 Fourth-Quarter

- Reported diluted earnings per share of $1.03, down by $0.21 or 16.9% versus $1.24 in 2013
  - Excluding unfavorable currency of $0.28, reported diluted earnings per share up by $0.07 or 5.6% versus $1.24 in 2013 as detailed in the attached Schedule 13
- Adjusted diluted earnings per share of $1.03, down by $0.34 or 24.8% versus $1.37 in 2013
  - Excluding unfavorable currency of $0.28, adjusted diluted earnings per share down by $0.06 or 4.4% versus $1.37 in 2013 as detailed in the attached Schedule 12
- Cigarette shipment volume of 214.9 billion units, down by 3.8% excluding acquisitions
- Reported net revenues, excluding excise taxes, of $7.2 billion, down by 7.6%
  - Excluding unfavorable currency and the impact of acquisitions, reported net revenues, excluding excise taxes, up by 1.1% as detailed in the attached Schedule 10

- Reported operating companies income of $2.6 billion, down by 18.9%
    - Excluding unfavorable currency and the impact of acquisitions, reported operating companies income down by 3.3%
- Adjusted operating companies income, reflecting the items detailed in the attached Schedule 11, of $2.7 billion, down by 24.9%
    - Excluding unfavorable currency and the impact of acquisitions, adjusted operating companies income down by 10.6%
- Reported operating income of $2.5 billion, down by 20.6%
- Repurchased 9.3 million shares of the company's common stock for $800 million

2015

- Forecasts 2015 full-year reported diluted earnings per share to be in a range of $4.27 to $4.37, at prevailing exchange rates, versus $4.76 in 2014. Excluding an unfavorable currency impact, at prevailing exchange rates, of approximately $1.15 for the full-year 2015, the reported diluted earnings per share range represents a projected increase of 8% to 10% versus adjusted diluted earnings per share of $5.02 in 2014 as detailed in the attached Schedule 16
- This forecast includes incremental spending versus 2014 for the deployment of PMI's Reduced-Risk Product, *iQOS*. The spending, which is skewed towards the second half of the year, will support plans for national expansion in Japan and Italy, as well as pilot or national launches in additional markets, later in 2015
- This forecast does not include any share repurchases in 2015. The company will revisit the potential for repurchases as the year unfolds, depending on the currency environment
- This forecast excludes the impact of any future acquisitions, unanticipated asset impairment and exit cost charges, future changes in currency exchange rates and any unusual events. Factors described in the Forward-Looking and Cautionary Statements section of this release represent continuing risks to these projections

NEW YORK, February 5, 2015 -- Philip Morris International Inc. (NYSE / Euronext Paris: PM) today announced its 2014 full-year and fourth-quarter results.

“We delivered a solid currency-neutral performance in 2014, reflecting robust pricing, strong market share gains, notably in the EU Region, and very substantial progress in addressing the specific market challenges that we outlined at the beginning of the year. We successfully executed on our key strategic initiatives, including the pilot launches of our Reduced-Risk Product, *iQOS*, the roll-out of the *Marlboro* 2.0 Architecture and the optimization of our manufacturing footprint," said André Calantzopoulos, Chief Executive Officer.

“Despite a historically high adverse currency headwind, we enter 2015 with strong business momentum that underpins our target annual growth rates, excluding currency and acquisitions, of 4% to 6% for net revenues, 6% to 8% for adjusted operating companies income and 8% to 10% for adjusted diluted earnings per share."

"We remain steadfast in our aim to return around 100% of our free cash flow to our shareholders. However, given the recent extreme currency volatility, we are focused on managing our cash flow prudently and on maintaining our financial flexibility for business development opportunities. Consequently, our full-year guidance does not currently envisage any share repurchases in 2015, although we will revisit the potential for such purchases as the year unfolds depending on the currency environment.”

Conference Call

A conference call, hosted by André Calantzopoulos, Chief Executive Officer, and Jacek Olczak, Chief Financial Officer, with members of the investor community and news media, will be webcast at 1:00 p.m., Eastern Time, on February 5, 2015. Access is available at www.pmi.com/webcasts.

The audio webcast may also be accessed on iOS or Android devices by downloading PMI's free Investor Relations Mobile Application at www.pmi.com/irapp.

Dividends and Share Repurchase Program

PMI increased its regular quarterly dividend during 2014 to $1.00, up by 6.4% from $0.94, which represents an annualized rate of $4.00 per common share. Since its spin-off in March 2008, PMI has increased its regular quarterly dividend by 117.4% from the initial annualized rate of $1.84 per common share.

During the fourth quarter, PMI spent $800 million to repurchase 9.3 million shares. For the full-year 2014, PMI spent $3.8 billion to repurchase 45.2 million shares. Under the current $18 billion share repurchase program, PMI has spent $12.7 billion to repurchase 144.6 million shares, as shown in the table below.

Current $18 Billion, Three-Year Program

		Value ($ Mio.)	Shares 000
August - December 2012	$	2,853	32,206
January - December 2013		6,000	67,231
January - March 2014		1,250	15,409
April - June 2014		1,000	11,610
July - September 2014		750	8,872
October - December 2014		800	9,315
Total Under Program	**$**	**12,653**	**144,643**

Since May 2008, when PMI began its first share repurchase program, the company has spent an aggregate of $37.7 billion to repurchase 601.4 million shares, or 28.5% of the shares outstanding at the time of the spin-off in March 2008, at an average price of $62.61 per share.

Global Manufacturing Footprint Restructuring

In 2014, as part of the company's ongoing efforts to enhance the cost efficiency of its global manufacturing operations, PMI:

Ceased cigarette production in Australia, incurring an after-tax charge of $0.01 per share for asset impairment and exit costs;

Discontinued cigarette production at its factory located in Bergen op Zoom, the Netherlands. As a result, PMI incurred a full-year pre-tax charge of $489 million, or an after-tax charge of $0.24 per share, reflecting $350 million primarily related to employee separation costs and $139 million related to asset impairment costs; and

Closed a leaf processing facility in Brampton, Canada and adopted, on November 5, 2014, a new leaf-buying model in the United States, effective April 1, 2015, under which the company will transition from directly purchasing tobacco through contracts with U.S. growers to purchasing through two suppliers, Alliance One

International Inc. and Universal Corporation. As a result of these two leaf initiatives, PMI incurred a combined after-tax charge of $0.01 per share for asset impairment and exit costs.

Business Development

On June 26, 2014, the company announced its acquisition of 100% of Nicocigs Limited ("Nicocigs"), a leading U.K.-based e-vapor company whose principal brand is *Nicolites*. The transaction was not subject to regulatory approval and is not material to PMI's 2014 consolidated financial position, results of operations or cash flow.

The acquisition is complementary to PMI's previously announced agreement for the license and distribution of Altria Group, Inc.'s e-vapor products. In addition, it provides PMI with immediate access to, and a significant presence in, the growing e-vapor category in the U.K. market.

Productivity and Cost Savings Program

In 2014, PMI exceeded its one-year gross productivity and cost savings target of $300 million.

In 2015, PMI's productivity and cost savings initiatives will include, but are not limited to, the continued enhancement of production processes, the harmonization of tobacco blends, the streamlining of product specifications and number of brand variants, supply chain improvements and overall spending efficiency across the company. PMI anticipates that these initiatives, combined with savings associated with the manufacturing footprint restructuring implemented in 2014, notably in Australia and the Netherlands, should result in a total company cost base increase, excluding RRPs and currency, of approximately 1%.

2014 FULL-YEAR AND FOURTH-QUARTER CONSOLIDATED RESULTS

In this press release, ***"PMI"*** *refers to Philip Morris International Inc. and its subsidiaries. References to total international cigarette market, defined as worldwide cigarette volume excluding the United States, total cigarette market, total market and market shares are PMI estimates based on the latest available data from a number of internal and external sources and may, in defined instances, exclude the People's Republic of China and/or PMI's duty-free business. North Africa is defined as Algeria, Egypt, Libya, Morocco and Tunisia. The term* ***"net revenues"*** *refers to operating revenues from the sale of our products, excluding excise taxes and net of sales and promotion incentives. Operating companies income, or* ***"OCI,"*** *is defined as operating income, excluding general corporate expenses and the amortization of intangibles, plus equity (income)/loss in unconsolidated subsidiaries, net. PMI's management evaluates business segment performance and allocates resources based on OCI.* ***"Adjusted EBITDA"*** *is defined as earnings before interest, taxes, depreciation and amortization, excluding asset impairment and exit costs, discrete tax items and unusual items. Management also reviews OCI, OCI margins and earnings per share, or "EPS," on an adjusted basis (which may exclude the impact of currency and other items such as acquisitions, asset impairment and exit costs, discrete tax items and unusual items), as well as* ***free cash flow****, defined as net cash provided by operating activities less capital expenditures, and net debt. PMI believes it is appropriate to disclose these measures as they improve comparability and help investors analyze business performance and trends. Non-GAAP measures used in this release should be neither considered in isolation nor as a substitute for the financial measures prepared in accordance with U.S. GAAP. Comparisons are to the same prior-year period unless otherwise stated. For a reconciliation of non-GAAP measures to corresponding GAAP measures, see the relevant schedules provided with this press release. In 2013, PMI concluded a number of business development initiatives and agreements that were not accounted for as acquisitions; thus, non-GAAP financial measures for 2013 that exclude acquisitions do not exclude the impact of said initiatives and agreements.* ***Reduced-Risk Products*** *("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes. PMI's RRPs are in various stages of development, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking combustible cigarettes. Before making any such claims, we will need to evaluate rigorously the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and approval, as is the case in the United States today. Trademarks and service marks in this press release that are the registered property of, or licensed by, the subsidiaries of PMI, are italicized.*

NET REVENUES

PMI Net Revenues ($ Millions)

	Fourth-Quarter				Full-Year			
	2014	2013	Change	Excl. Curr.	2014	2013	Change	Excl. Curr.
European Union	$ 2,076	$ 2,139	(2.9)%	2.7 %	$ 8,839	$ 8,596	2.8 %	1.4 %
Eastern Europe, Middle East & Africa	2,196	2,257	(2.7)%	9.9 %	8,922	8,766	1.8 %	10.5 %
Asia	2,003	2,476	(19.1)%	(12.6)%	8,728	10,501	(16.9)%	(7.2)%
Latin America & Canada	922	917	0.5 %	13.1 %	3,278	3,354	(2.3)%	10.6 %
Total PMI	**$ 7,197**	**$ 7,789**	**(7.6)%**	**1.1 %**	**$ 29,767**	**$ 31,217**	**(4.6)%**	**2.1 %**

2014 Full-Year

Net revenues of $29.8 billion were down by 4.6%, including unfavorable currency of $2.1 billion. Net revenues increased by 2.1%, excluding currency, or by 2.0%, excluding currency and acquisitions, driven by favorable pricing of $1.9 billion across all Regions, led by: Argentina, Australia, Canada, Egypt, reflecting the impact of the change to PMI's new business structure announced on January 29, 2014, Germany, Indonesia, Russia and Ukraine, partially offset by Italy, reflecting the adverse annualized impact of the October 2013 VAT increase and the price repositioning of *Chesterfield*, and the Philippines, mainly reflecting the partial absorption of the January 2014 excise tax increase in response to competitive dynamics. The favorable pricing was partially offset by unfavorable volume/mix of $1.3 billion, mainly reflecting: lower volume/mix in Australia, resulting from a lower total market following the impact of tax-driven price increases in 2014, and lower market share, primarily due to the unfavorable impact of current competitive dynamics; lower volume/mix in Indonesia, mainly reflecting lower share; and lower volume and market share in Japan resulting from a lower total market following the consumption tax-driven price increases of April 1, 2014, as well as the unfavorable impact of an adjustment in distributor inventories.

2014 Fourth-Quarter

Net revenues of $7.2 billion were down by 7.6%, including unfavorable currency of $681 million. Net revenues increased by 1.1%, excluding currency, or by the same percentage excluding currency and acquisitions, driven by favorable pricing of $512 million across all Regions, led by: Argentina, Egypt, reflecting the impact of the change to PMI's new business structure announced on January 29, 2014, Indonesia and Russia, partially offset by the Philippines, mainly reflecting the partial absorption of the January 2014 excise tax increase in response to competitive dynamics. The favorable pricing was partially offset by unfavorable volume/mix of $430 million, predominantly due to: lower volume/mix in Australia, resulting from a lower total market following the impact of tax-driven price increases in 2014, and lower market share, primarily due to the unfavorable impact of current competitive dynamics; and lower volume in Japan resulting from a lower total market following the consumption tax-driven price increases of April 1, 2014, as well as the unfavorable impact of an adjustment in distributor inventories.

OPERATING COMPANIES INCOME

PMI Operating Companies Income ($ Millions)

	Fourth-Quarter				Full-Year			
	2014	2013	Change	Excl. Curr.	2014	2013	Change	Excl. Curr.
European Union	$ 852	$ 1,011	(15.7)%	(7.8)%	$ 3,727	$ 4,238	(12.1)%	(12.9)%
Eastern Europe, Middle East & Africa	903	811	11.3 %	41.3 %	4,121	3,779	9.1 %	25.2 %
Asia	573	1,055	(45.7)%	(35.1)%	3,187	4,622	(31.0)%	(16.9)%
Latin America & Canada	296	358	(17.3)%	(0.8)%	1,030	1,134	(9.2)%	12.3 %
Total PMI	**$ 2,624**	**$ 3,235**	**(18.9)%**	**(3.6)%**	**$ 12,065**	**$ 13,773**	**(12.4)%**	**(1.7)%**

2014 Full-Year

Reported operating companies income of $12.1 billion was down by 12.4%, including unfavorable currency of $1.5 billion. Excluding currency, operating companies income decreased by 1.7%, or by 1.6% excluding currency and acquisitions, primarily due to unfavorable volume/mix of $1.1 billion; higher manufacturing costs in Egypt, mainly due to the impact of the change to PMI's new business structure; higher distribution and manufacturing costs, and marketing investment, in Indonesia; investments related to the launch and commercialization of the company's Reduced-Risk Product, *iQOS*; and costs related to the factory closures in Australia and the Netherlands. The decline in operating companies income, excluding currency and acquisitions, was partly offset by favorable pricing.

Adjusted operating companies income decreased by 10.5% as shown in the table below and detailed in Schedule 15. Adjusted operating companies income, excluding unfavorable currency, decreased by 0.1% and was flat excluding currency and acquisitions. Adjusted operating companies income margin, excluding currency and acquisitions, decreased by 0.9 points to 44.2%, as detailed in Schedule 15.

2014 Fourth-Quarter

Reported operating companies income of $2.6 billion was down by 18.9%, including unfavorable currency of $494 million. Excluding currency, operating companies income decreased by 3.6%, or by 3.3% excluding currency and acquisitions, primarily due to unfavorable volume/mix of $414 million; higher manufacturing costs in Egypt, mainly due to the impact of the change to PMI's new business structure; higher manufacturing costs and marketing investment in Indonesia; investments related to the launch and commercialization of the company's Reduced-Risk Product, *iQOS*; and ongoing costs related to the factory closures in Australia and the Netherlands. The decline in operating companies income, excluding currency and acquisitions, was partly offset by favorable pricing.

Adjusted operating companies income decreased by 24.9% as shown in the table below and detailed in Schedule 11. Adjusted operating companies income, excluding unfavorable currency, decreased by 10.9% or by 10.6% excluding currency and the impact of acquisitions. Adjusted operating companies income margin, excluding currency and acquisitions, decreased by 5.3 points to 40.1%, as detailed in Schedule 11.

PMI Operating Companies Income ($ Millions)

	Fourth-Quarter				Full-Year			
	2014	2013	Change	Excl. Curr.	2014	2013	Change	Excl. Curr.
Reported OCI	$ 2,624	$ 3,235	(18.9)%	(3.6)%	$ 12,065	$ 13,773	(12.4)%	(1.7)%
Asset impairment & exit costs	(32)	(301)			(535)	(309)		
Adjusted OCI	**$ 2,656**	**$ 3,536**	**(24.9)%**	**(10.9)%**	**$ 12,600**	**$ 14,082**	**(10.5)%**	**(0.1)%**
Adjusted OCI Margin*	36.9%	45.4%	(8.5)	(5.4)	42.3%	45.1%	(2.8)	(0.9)

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

SHIPMENT VOLUME & MARKET SHARE

PMI Cigarette Shipment Volume (Million Units)

	Fourth-Quarter			Full-Year		
	2014	2013	Change	2014	2013	Change
European Union	44,370	44,437	(0.2)%	185,197	185,096	0.1 %
Eastern Europe, Middle East & Africa	74,495	76,428	(2.5)%	287,923	296,462	(2.9)%
Asia	69,322	74,821	(7.3)%	288,128	301,324	(4.4)%
Latin America & Canada	26,705	27,513	(2.9)%	94,706	97,287	(2.7)%
Total PMI	**214,892**	**223,199**	**(3.7)%**	**855,954**	**880,169**	**(2.8)%**

2014 Full-Year

PMI's cigarette shipment volume of 856.0 billion units decreased by 2.8% excluding acquisitions, or 24.3 billion units, due primarily to: EEMA, principally Kazakhstan, Russia and Ukraine, partially offset by Algeria and Turkey; Asia, predominantly Japan, reflecting a lower total market, lower market share and the unfavorable impact of an adjustment in distributor inventories, as well as Australia, Indonesia and Pakistan; and Latin America & Canada, principally Canada and Mexico. The overall decline was partially offset by the positive impact of market share growth in the EU, EEMA and Latin America & Canada Regions. PMI's cigarette shipment volume in the EU was slightly positive.

Total cigarette shipments of *Marlboro* of 283.0 billion units decreased by 2.8%, due primarily to declines in: the EU, notably France, Italy and Poland, partly offset by the Czech Republic and Spain; EEMA, notably Egypt, Russia and Ukraine, partly offset by Algeria and Saudi Arabia; Asia, due almost entirely to Japan, partly offset by the Philippines; and Latin America & Canada, due predominantly to Mexico. The overall decline was partially offset by the positive impact of market share growth in the EU and EEMA Regions. Market share of *Marlboro* in Asia and Latin America & Canada was flat.

Total cigarette shipments of *Parliament* of 47.2 billion units increased by 5.6%, driven by growth in all Regions and notably in Turkey. Total cigarette shipments of *L&M* of 94.2 billion units decreased by 0.9%, due primarily to EEMA, notably Saudi Arabia and Turkey, partially offset by slightly increased or essentially flat shipments in the three other Regions. Total cigarette shipments of *Bond Street* of 43.6 billion units decreased by 2.9%, due predominantly to Kazakhstan, Serbia and Ukraine, partially offset by Australia and Russia. Total cigarette shipments of *Philip Morris* of 31.9 billion units decreased by 8.7%, due almost entirely to Japan, principally reflecting the morphing to *Lark*, partly offset by growth in the three other Regions. Total cigarette shipments of *Chesterfield* of 42.1 billion units increased by 22.6%, driven by growth in all Regions and notably in Italy, Poland and Turkey, partly offset by Russia and Ukraine. Total cigarette shipments of *Lark* of 28.5 billion units decreased by 1.3%, due predominantly to Turkey, partly offset by Japan (including the impact of the morphing of *Philip Morris*).

Total shipment volume of Other Tobacco Products ("OTP"), in cigarette equivalent units, increased by 3.4%, mainly reflecting growth in the fine cut category, notably in Belgium, the Czech Republic, Hungary and Poland, partly offset by France and Germany. Total shipment volume for cigarettes and OTP, in cigarette equivalent units, decreased by 2.5%.

PMI's market share increased, or was flat, in a number of key markets, including Algeria, Argentina, Austria, Canada, France, Germany, Italy, Korea, the Netherlands, the Philippines, Poland, Russia, Saudi Arabia, Spain, Switzerland and the United Kingdom.

2014 Fourth-Quarter

PMI's cigarette shipment volume of 214.9 billion units decreased by 3.8% excluding acquisitions, or 8.4 billion units, due principally to: EEMA, mainly Kazakhstan and Ukraine, partly offset by North Africa; Asia, mainly Australia, Indonesia, Japan, reflecting a lower total market and the unfavorable impact of an adjustment in distributor inventories, Pakistan and the Philippines, partially offset by Korea and Thailand; and Latin America & Canada, mainly Argentina, Brazil, Canada and Mexico. PMI's cigarette shipment volume in the EU decreased slightly by 0.2%.

Total cigarette shipments of *Marlboro* of 71.3 billion units decreased by 4.6%, due to: the EU, notably Italy and Poland, partly offset by Germany; EEMA, notably Egypt and Ukraine, partly offset by Algeria and Saudi Arabia; Asia, predominantly Japan, and Latin America & Canada, mainly Mexico.

Total cigarette shipments of *Parliament* of 12.0 billion units increased by 3.7%, driven by growth in EEMA, notably Russia and Turkey, partly offset by Japan. Total cigarette shipments of *L&M* of 25.1 billion units increased by 6.2%, driven by growth across all four Regions and notably in Egypt, Thailand, Turkey and Ukraine. Total cigarette shipments of *Bond Street* of 11.2 billion units decreased by 2.0%, predominantly due to Kazakhstan and Ukraine, partly offset by Australia and Russia. Total cigarette shipments of *Philip Morris* of 8.2 billion units decreased by 8.8%, principally reflecting the morphing to *Lark* in Japan. Total cigarette shipments of *Chesterfield* of 10.0 billion units increased by 15.6%, driven primarily by Italy, Poland and Turkey, partly offset by Russia. Total cigarette shipments of *Lark* of 5.8 billion units decreased by 16.1%, due predominantly to Japan and Turkey.

Total shipment volume of OTP, in cigarette equivalent units, increased by 3.0%, mainly reflecting growth in the fine cut category, notably in the Czech Republic and Hungary, partly offset by France, Germany and Portugal. Total shipment volume for cigarettes and OTP, in cigarette equivalent units, decreased by 3.5%.

PMI's market share increased, or was flat, in a number of key markets, including Algeria, Argentina, Austria, Egypt, France, Germany, Italy, Japan, Korea, the Netherlands, the Philippines, Poland, Russia, Saudi Arabia, Spain, Switzerland and the United Kingdom.

EUROPEAN UNION REGION (EU)

2014 Full-Year

Net revenues of $8.8 billion increased by 2.8%. Excluding favorable currency of $122 million, net revenues increased by 1.4%, or by 1.3% excluding currency and acquisitions, driven by favorable pricing of $127 million, notably in Germany and Poland, despite the adverse impact of the October 2013 VAT increase and price repositioning of *Chesterfield* in Italy. The favorable pricing was partly offset by unfavorable volume/mix of $17 million, predominantly resulting from a lower total market, notably in France, Poland and the United Kingdom, partly offset by a higher total market in Germany and Italy and higher share in all key markets.

Reported operating companies income of $3.7 billion decreased by 12.1%, including favorable currency of $37 million. Excluding currency, operating companies income decreased by 12.9%, and by the same percentage excluding currency and acquisitions, mainly due to higher asset impairment and exit costs of $490 million primarily related to the discontinuation of cigarette production in the Netherlands. Excluding the impact of these asset impairment and exit costs, operating companies income, excluding currency and acquisitions, decreased by 1.6%, due to: unfavorable volume/mix of $46 million, reflecting a lower total market; increased marketing costs related to the Be *Marlboro* campaign and the roll-out of the new *Marlboro* 2.0 brand Architecture; investments related to the pilot launch and commercialization of *iQOS* in Italy; and business building initiatives in the United Kingdom; partly offset by favorable pricing.

Adjusted operating companies income decreased by 0.8%, as shown in the table below and detailed on Schedule 15. Adjusted operating companies income, excluding favorable currency and the impact of acquisitions, decreased by 1.6%.

EU Operating Companies Income ($ Millions)

	Fourth-Quarter				Full-Year			
	2014	2013	Change	Excl. Curr.	2014	2013	Change	Excl. Curr.
Reported OCI	$ 852	$ 1,011	(15.7)%	(7.8)%	$ 3,727	$ 4,238	(12.1)%	(12.9)%
Asset impairment & exit costs	(18)	(13)			(490)	(13)		
Adjusted OCI	**$ 870**	**$ 1,024**	**(15.0)%**	**(7.2)%**	**$ 4,217**	**$ 4,251**	**(0.8)%**	**(1.7)%**
Adjusted OCI Margin*	41.9%	47.9%	(6.0)	(4.7)	47.7%	49.5%	(1.8)	(1.5)

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

Adjusted operating companies income margin, excluding favorable currency and the impact of acquisitions, decreased by 1.5 points to 48.0%, as detailed in Schedule 15.

The total cigarette market in the EU of 467.7 billion units decreased by 3.1%, due primarily to the impact of tax-driven price increases and the unfavorable economic and employment environment, partly offset by: the subdued performance of the e-vapor category; less out-switching to fine cut products; a reduction in the consumption of illicit products in several markets; and lower than historical average pricing, mainly in Italy.

The total OTP market in the EU of 164.6 billion cigarette equivalent units increased by 1.1%, reflecting a larger total fine cut market, up by 0.9% to 143.1 billion cigarette equivalent units.

In 2015, the total cigarette market in the EU is forecast to decrease by approximately 4%.

EU Region & Key Market Shares

	Fourth-Quarter 2014	Fourth-Quarter 2013	Change p.p.	Full-Year 2014	Full-Year 2013	Change p.p.
Total EU	39.9%	38.9%	1.0	39.8%	38.8%	1.0
France	41.3%	40.4%	0.9	41.0%	40.2%	0.8
Germany	37.6%	36.9%	0.7	36.6%	36.2%	0.4
Italy	55.1%	52.4%	2.7	54.9%	53.1%	1.8
Poland	41.9%	41.5%	0.4	40.1%	38.2%	1.9
Spain	32.6%	31.5%	1.1	32.1%	31.2%	0.9

PMI's cigarette shipment volume of 185.2 billion units increased by 0.1%, predominantly reflecting improved market share that increased by 1.0 point to 39.8% as shown in the table above. While shipment volume of *Marlboro* of 89.4 billion units decreased by 2.0%, mainly due to a lower total market, market share increased by 0.3 points to 19.3%, driven notably by the Czech Republic, Germany, Italy and Spain, partly offset by France and Poland. While shipment volume of *L&M* was essentially flat at 32.9 billion units, market share increased by 0.2 points to 7.1%, driven notably by Germany, partly offset by Poland. Shipment volume of *Chesterfield* of 26.2 billion units increased by 38.4% and market share increased by 1.1 points to 5.5%, driven notably by Italy and Poland. Shipment volume of *Philip Morris* of 10.0 billion units increased by 5.0%, driven notably by Latvia, Lithuania, the Slovak Republic and Spain, and market share increased by 0.1 point to 2.1%.

PMI's shipments of OTP of 22.8 billion cigarette equivalent units increased by 6.2%, driven principally by higher share. PMI's OTP total market share was 14.0%, up by 0.6 points, reflecting gains in the fine cut category, notably in the Czech Republic, up by 7.8 points to 26.5%, Hungary, up by 6.4 points to 18.3%, Italy, up by 3.9 points to 41.5%, Poland, up by 11.2 points to 34.7%, partly offset by France, down by 0.7 points to 26.2%, Germany down by 1.3 points to 12.9%, and Portugal, down by 5.4 points to 26.5%.

2014 Fourth-Quarter

Net revenues of $2.1 billion decreased by 2.9%. Excluding unfavorable currency of $121 million, net revenues increased by 2.7%, or by 2.4% excluding currency and acquisitions, predominantly driven by favorable pricing of $56 million, despite the adverse impact of the price repositioning of *Chesterfield* in Italy, notably in Germany and Poland, partly offset by unfavorable volume/mix of $4 million.

Reported operating companies income of $852.0 million decreased by 15.7%, including unfavorable currency of $80 million. Excluding currency, operating companies income decreased by 7.8%, or by 7.7% excluding currency and acquisitions, principally due to: unfavorable volume/mix of $21 million, mainly reflecting a lower total market; higher manufacturing costs, including ongoing costs related to the decision to discontinue cigarette production in the Netherlands; increased marketing support, notably in Germany and Poland; investments related to the pilot launch and commercialization of *iQOS* in Italy; and business building initiatives in the United Kingdom; partially offset by higher pricing.

Adjusted operating companies income decreased by 15.0%, as shown in the table above and detailed on Schedule 11. Adjusted operating companies income, excluding unfavorable currency and the impact of acquisitions, decreased by 7.1%.

Adjusted operating companies income margin, excluding currency and acquisitions, decreased by 4.5 points to 43.4%, as detailed in Schedule 11, reflecting the impact of the items mentioned above.

The total cigarette market in the EU of 114.6 billion units decreased by 2.4% reflecting, in certain key geographies, moderating total market declines compared to the same period in 2013, resulting from a deceleration in the growth of the e-vapor category, and a moderation in the level of illicit trade. The total OTP market in the EU in the quarter of 41.9 billion cigarette equivalent units increased by 3.4%, reflecting a higher total fine cut market, up by 3.1% to 36.1 billion cigarette equivalent units.

Although PMI's cigarette shipment volume of 44.4 billion units decreased by 0.2%, market share increased by 1.0 point to 39.9% as shown in the table above. While shipment volume of *Marlboro* decreased by 2.2% to 21.6 billion units, market share increased by 0.4 points to 19.5%. Shipment volume of *L&M* increased by 0.2% to 8.1 billion units, and market share increased by 0.1 point to 7.1%. Shipment volume of *Chesterfield* of 6.0 billion units increased by 26.4%, and market share increased by 1.1 points to 5.6%, driven mainly by Italy and Poland. Shipment volume of *Philip Morris* of 2.5 billion units increased by 7.3%, and market share was flat at 2.1%.

PMI's shipments of OTP of 5.7 billion cigarette equivalent units increased by 4.7%, driven principally by a higher total market. PMI's total OTP market share was essentially flat at 13.6%, with gains in the fine cut category, notably in Belgium, up by 0.3 points to 17.0%, the Czech Republic, up by 2.8 points to 23.8%, Hungary, up by 4.1 points to 18.0%, Italy, up by 0.3 points to 41.5% and Poland, up by 5.1 points to 35.5%, partially offset by France, down by 1.5 points to 26.3%, Germany, down by 0.6 points to 12.6%, Portugal, down by 15.1 points to 19.9% and Spain, down by 0.9 points to 14.4%.

EU Key Market Commentaries

In **France**, the total cigarette market of 45.0 billion units decreased by 5.3% in 2014, mainly reflecting the impact of price increases in January 2014, the increased incidence of e-vapor products and a weak economy. PMI's shipments of 18.6 billion units decreased by 2.9%. PMI's market share increased by 0.8 points to 41.0%, mainly driven by the growth of *Marlboro, L&M* and premium *Philip Morris*, up by 0.4 points, 0.1 point and 0.3 points to 25.1%, 2.6% and 9.4%, respectively. Market share of *Chesterfield* was flat at 3.4%. The total industry fine cut category of 13.6 billion cigarette equivalent units decreased by 2.2%. PMI's market share of the category decreased by 0.7 points to 26.2%.

In the fourth quarter of 2014, the total cigarette market of 11.0 billion units decreased by 4.0%, mainly reflecting the unfavorable impact of price increases in January 2014 and the weak economy, partly offset by a lower incidence of e-vapor products. While PMI's shipments of 4.4 billion units decreased by 0.5%, market share increased by 0.9 points to 41.3%, mainly driven by *Marlboro* and premium *Philip Morris*, up 0.5 points and 0.2 points to 25.2% and 9.5%, respectively. Market share of *L&M* increased by 0.2 points to 2.7% and share of *Chesterfield* was flat at 3.4%. The total industry fine cut category of 3.5 billion cigarette equivalent units increased by 0.5%. PMI's market share of the category decreased by 1.5 points to 26.3%.

In **Germany**, the total cigarette market of 80.4 billion units increased by 0.9% in 2014, mainly reflecting the net favorable impact of estimated trade purchases and a lower incidence of illicit trade. Excluding the impact of these estimated inventory movements, the total cigarette market was essentially flat. PMI's shipments of 29.4 billion units increased by 2.0% and market share increased by 0.4 points to 36.6%, driven by *L&M,* up by 0.9 points to 11.8%. Market share of *Marlboro* decreased by 0.3 points to 21.7%, while share of *Chesterfield* was flat at 1.7%. The total industry fine cut category of 41.2 billion cigarette equivalent units decreased by 1.0%. PMI's market share of the category decreased by 1.3 points to 12.9%.

In the fourth quarter of 2014, the total cigarette market of 19.7 billion units increased by 1.8%, partially reflecting the net favorable impact of estimated trade inventory movements. Excluding the impact of these inventory movements, the total cigarette market increased by approximately 0.9%. PMI's shipments of 7.4 billion units increased by 3.7%, and market share increased by 0.7 points to 37.6%, driven by *Marlboro*, up by 0.2 points to 22.2%, and *L&M,* up by 0.6 points to 12.2%. Market share of *Chesterfield* was flat at 1.7%. The total industry fine cut category of 10.3 billion cigarette equivalent units decreased by 0.5%. PMI's market share of the category decreased by 0.6 points to 12.6%.

In **Italy**, the total cigarette market of 74.4 billion units increased by 0.5% in 2014, partly reflecting a lower incidence of e-vapor products. PMI's shipments of 40.4 billion units increased by 3.9%. PMI's market share increased by 1.8 points to 54.9%, driven by *Chesterfield*, up by 5.7 points to 9.2%*,* partly offset by *Marlboro*, down by 0.7 points to 25.2%, and *Diana* in the low-price segment, down by 2.8 points to 8.5%, the latter primarily impacted by the growth of the super-low price segment. Share of *Philip Morris* was flat at 2.4%. The total industry fine cut category of 6.1 billion cigarette equivalent units increased by 1.6%. PMI's market share of the category increased by 3.9 points to 41.5%.

In the fourth quarter of 2014, the total cigarette market of 18.4 billion units increased by 0.2%, mainly reflecting a lower incidence of e-vapor products and continued growth of the super-low price segment. PMI's shipments of 9.2 billion units increased by 0.1%. PMI's market share increased by 2.7 points to 55.1%, due primarily to: *Chesterfield*, up by 6.8 points to 10.2%, benefiting from its price repositioning in February 2014, partially offset by *Marlboro*, down by 0.8 points to 25.1%, and *Diana* in the low-price segment, down by 2.9 points to 7.8%, impacted by the growth of the super-low price segment. Market share of *Philip Morris* decreased by 0.2 points to 2.4%. The total industry fine cut category of 1.6 billion cigarette equivalent units increased by 1.1%, and PMI's market share of the category increased by 0.3 points to 41.5%, driven by *Chesterfield* and *Marlboro*.

In **Poland**, the total cigarette market of 42.1 billion units decreased by 9.8%, reflecting the prevalence of e-cigarettes, illicit trade and non-duty paid OTP products. Although PMI's shipments of 16.6 billion units decreased by 2.6%, PMI's market share increased by 1.9 points to 40.1%, driven by *L&M* and *Chesterfield*, up by 0.4 and 2.0 points to 18.2% and 7.6%, respectively. Market share of *Marlboro was* down by 0.3 points to 11.2%. The total industry fine cut category of 3.6 billion cigarette equivalent units increased by 7.7% and PMI's market share of the category increased by 11.2 points to 34.7%.

In the fourth quarter of 2014, the total cigarette market of 9.2 billion units decreased by 11.0%, reflecting the prevalence of e-cigarettes, illicit trade and non-duty paid OTP products. While PMI's shipments of 3.9 billion units decreased by 4.9%, PMI's market share increased by 0.4 points to 41.9%, driven by *L&M*, up by 0.5 points to 19.9%*,* and *Chesterfield*, up by 1.5 points to 7.7%, partially offset by *Marlboro*, down by 0.1 point to 12.2%. The total industry fine cut category of 711 million cigarette equivalent units increased by 15.7%, and PMI's market share of the category increased by 5.1 points to 35.5%.

In **Spain**, the total cigarette market of 47.0 billion units decreased by 1.5% in 2014, mainly due to a deceleration in adult smoker down-trading to fine cut, e-vapor and illicit products. PMI's shipments of 14.9 billion units increased by 1.9%. PMI's market share increased by 0.9 points to 32.1%, driven by higher share of *Marlboro*, up by 1.1 points to 15.9% and *Philip Morris*, up by 0.3 points to 0.9%. Market share of *Chesterfield* was down by 0.1 point to 9.2% and share of *L&M* was down by 0.2 points to 6.1%. The total industry fine cut category of 9.7 billion cigarette equivalent units decreased by 9.8%, partly reflecting lower consumption resulting from further tax harmonization with cigarettes following the July 2013 and July 2014 price increases. PMI's market share of the fine cut category increased by 1.0 point to 14.8% in 2014.

In the fourth quarter of 2014, the total cigarette market of 11.2 billion units increased by 0.8%, reflecting an improving economic environment, lower out-switching to the OTP category and a lower incidence of illicit trade. PMI's shipments of 3.6 billion units increased by 6.2% and market share increased by 1.1 points to 32.6%, driven by higher share of *Marlboro*, up by 0.9 points to 16.0% and *Philip Morris*, up by 0.4 points to 0.9%. Market share of *Chesterfield* was down by 0.1 point to 9.4% and share of *L&M* was down by 0.2 points to 6.1%. The total industry fine cut category of 2.4 billion cigarette equivalent units decreased by 0.8%, partly reflecting the narrowing of price gaps with the cigarette category since July 2013. PMI's market share of the fine cut category decreased by 0.9 points to 14.4%.

EASTERN EUROPE, MIDDLE EAST & AFRICA REGION (EEMA)

2014 Full-Year

Net revenues of $8.9 billion increased by 1.8%. Excluding unfavorable currency of $761 million, net revenues increased by 10.5%, or by 10.4% excluding currency and acquisitions, driven by favorable pricing of $1.1 billion, principally in Kazakhstan, Russia, Saudi Arabia and Ukraine, as well as the favorable impact of the change to PMI's new business structure, and pricing, in Egypt, partly offset by unfavorable volume/mix of $224 million, mainly due to Kazakhstan, Russia and Ukraine.

Reported operating companies income of $4.1 billion increased by 9.1%. Excluding unfavorable currency of $611 million, operating companies income increased by 25.2%, or by 25.4% excluding currency and acquisitions, driven primarily by higher pricing, and a favorable cost comparison in the fourth quarter of 2014 driven by an asset impairment and exit charge of $250 million recorded in the fourth quarter of 2013 associated with the conclusion of PMI's relationship with its former business partner in Egypt, partly offset by unfavorable volume/mix of $202 million.

Adjusted operating companies income increased by 2.0%, as shown in the table below and detailed on Schedule 15. Adjusted operating companies income, excluding unfavorable currency and the impact of acquisitions, increased by 17.3%.

EEMA Operating Companies Income ($ Millions)

	Fourth-Quarter				Full-Year			
	2014	2013	Change	Excl. Curr.	2014	2013	Change	Excl. Curr.
Reported OCI	$ 903	$ 811	11.3 %	41.3%	$ 4,121	$ 3,779	9.1%	25.2%
Asset impairment & exit costs	(2)	(264)			(2)	(264)		
Adjusted OCI	**$ 905**	**$ 1,075**	**(15.8)%**	**6.8%**	**$ 4,123**	**$ 4,043**	**2.0%**	**17.1%**
Adjusted OCI Margin*	41.2%	47.6%	(6.4)	(1.3)	46.2%	46.1%	0.1	2.8

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

Adjusted operating companies income margin, excluding unfavorable currency and the impact of acquisitions, increased by 2.9 points to 49.0%, as detailed on Schedule 15.

PMI's cigarette shipment volume of 287.9 billion units decreased by 2.9%, mainly due to Kazakhstan, Russia, Serbia and Ukraine, partly offset by Algeria, Saudi Arabia and Turkey.

PMI's cigarette shipment volume of premium brands increased by 1.2%, driven by *Parliament*, up by 6.9% to 35.3 billion units, partly offset by *Marlboro*, down by 0.7% to 85.2 billion units.

2014 Fourth-Quarter

Net revenues of $2.2 billion decreased by 2.7%. Excluding unfavorable currency of $284 million, net revenues increased by 9.9%, or by 9.8% excluding currency and acquisitions, reflecting favorable pricing of $277 million, driven principally by Russia, as well as the favorable impact of the change to PMI's new business structure, and pricing, in Egypt, partly offset by unfavorable volume/mix of $55 million, mainly due to Kazakhstan and Ukraine.

Reported operating companies income of $903 million increased by 11.3%. Excluding unfavorable currency of $243 million, operating companies income increased by 41.3%, or by 42.3% excluding currency and acquisitions, driven primarily by higher pricing, and the favorable cost comparison with the fourth quarter of 2013 driven by Egypt, partially offset by unfavorable volume/mix of $66 million.

Adjusted operating companies income decreased by 15.8%, as shown in the table above and detailed on Schedule 11. Adjusted operating companies income, excluding unfavorable currency and the impact of acquisitions, increased by 7.5%.

Adjusted operating companies income margin, excluding unfavorable currency and the impact of acquisitions, decreased by 1.0 point to 46.6%, as detailed on Schedule 11, reflecting the impact of the aforementioned factors.

PMI's cigarette shipment volume of 74.5 billion units decreased by 2.5%, mainly due to Kazakhstan, Serbia and Ukraine, partially offset by North Africa, notably Algeria, and Saudi Arabia.

PMI's cigarette shipment volume of premium brands decreased by 1.1%, due principally to *Marlboro*, down by 3.7% to 22.1 billion units, partly offset by *Parliament*, up by 6.7% to 9.4 billion units.

EEMA Key Market Commentaries

In **North Africa**, the estimated total cigarette market increased by 2.2% to 141.8 billion units in 2014, driven by Algeria, Egypt and Tunisia, partially offset by Libya and Morocco. PMI’s shipment volume of 37.8 billion units increased by 2.5%, driven largely by *Marlboro* in Algeria and *L&M* in Egypt. PMI’s market share decreased by 0.2 points to 26.3%. Market share of *Marlboro* increased by 0.2 point to 15.5%, while share of *L&M* decreased by 0.1 point to 9.0%.

In the fourth quarter of 2014, the estimated total cigarette market decreased by 0.2% to 37.6 billion units, due to Egypt, Morocco and Tunisia, partly offset by Algeria and Libya. PMI’s shipment volume in the quarter of 10.7 billion units increased by 8.1%, driven largely by *Marlboro* in Algeria and *L&M* in Egypt. PMI’s market share increased by 3.0 points to 28.6%, mainly reflecting gains in Algeria and Egypt. Market share of *Marlboro* increased by 1.3 points to 16.8%, mainly reflecting gains in Algeria and Libya, partly offset by a decline in Egypt, while share of *L&M* increased by 1.9 points to 9.9%, driven by Egypt.

In **Russia**, the total cigarette market decreased by 9.2% to an estimated 310.6 billion units in 2014, mainly due to the unfavorable impact of tax-driven price increases and a weak economy. In 2015, the total market is forecast to decrease by an estimated 8% to 10%. PMI's shipment volume of 84.9 billion units in 2014 decreased by 3.5%. Shipment volume of PMI's premium portfolio decreased by 2.5%, mainly due to *Marlboro,* down by 13.6%, partially offset by *Parliament*, up by 1.6%. In the mid-price segment, shipment volume decreased by 9.1%, mainly due to *Chesterfield*, down by 18.6%. In the low-price segment, shipment volume decreased by 1.4%, mainly due to *Optima* and *Apollo Soyuz*, down by 16.3% and 8.5%, respectively, partly offset by *Bond Street*, up by 2.5%. PMI's market share of 27.1%, as measured by Nielsen, was up by 1.0 point. Market share of *Parliament* increased by 0.3 points to 3.7%, *L&M* increased by 0.3 points to 3.1% and *Bond Street* increased by 1.0 point to 7.5%*,* while *Marlboro* decreased by 0.2 points to 1.5% and *Chesterfield* decreased by 0.2 points to 2.8%.

In the fourth quarter of 2014, the estimated total cigarette market declined by 8.3% to 80.8 billion units, mainly due to the unfavorable impact of the tax-driven price increases and a weak economy. PMI's shipment volume in the quarter of 21.5 billion units decreased by 0.3%. PMI's market share of 27.6%, as measured by Nielsen, was up by 1.3 points. Market share of *Parliament*, *L&M* and *Bond Street* increased by 0.4, 0.1 and 1.3 points to 3.9%, 3.0% and 8.0%, respectively, partially offset by *Marlboro* and *Chesterfield*, down by 0.2 and 0.3 points to 1.4% and 2.6%, respectively.

In **Turkey**, the total cigarette market increased by 2.4% to an estimated 93.9 billion units in 2014, primarily reflecting an increase in the adult population. PMI's shipment volume of 46.3 billion units increased by 2.3%. PMI's market share, as measured by Nielsen, decreased by 1.5 points to 44.0%, mainly due to *Marlboro*, down by 0.3 points to 8.6%, mid-price *Muratti,* down by 1.4 points to 5.5%, low-price *L&M*, down by 0.9 points to 6.4%, and low-price *Lark*, down by 2.4 points to 9.0%, partly offset by premium *Parliament*, up by 1.2 points to 11.2%, and low-price *Chesterfield*, up by 2.3 points to 3.1%.

In the fourth quarter of 2014, the estimated total cigarette market increased by 0.6% to 25.4 billion units, including an unfavorable comparison with estimated trade inventory movements in 2013. Excluding the net impact of these inventory movements, the total cigarette market was estimated to have increased by approximately 2.8%, primarily reflecting an increase in the adult population. PMI's shipment volume in the quarter of 12.6 billion units decreased by 1.8%. PMI's market share, as measured by Nielsen, decreased by 2.1 points to 43.9%, mainly due to *Marlboro*, mid-price *Muratti*, and low-price *Lark*, down by 0.1, 1.6 and 3.1 points to 8.7%, 5.1% and 7.7%, respectively, partially offset by premium *Parliament*, up by 1.2 points to 11.8%, low-price *L&M*, up by 0.1 point to 7.1%, and low-price *Chesterfield* up by 1.5 points to 3.3%.

In **Ukraine**, the total cigarette market decreased by 2.5% to an estimated 73.3 billion units in 2014, mainly reflecting the impact of price increases in 2014 and business disruption due to the political instability in the east of the country, partially offset by a lower prevalence of illicit trade. PMI's 2014 shipment volume of 23.3 billion units decreased by 8.8%. PMI's market share, as measured by Nielsen, decreased by 1.0 point to 32.5%, mainly due to *Marlboro* down by 0.7 points to 4.8%, *Parliament* down by 0.3 points to 3.0%, *Chesterfield*, down by 0.9 points to 5.0%, and *Optima*, down by 0.8 points to 1.0%, partly offset by growth from low-price *President*, up by 2.3 points to 5.1%.

In the fourth quarter of 2014, the estimated total cigarette market decreased by 4.1% to 17.3 billion units, mainly reflecting the impact of price increases in 2014 and business disruption due to the political instability in the east of the country, partially offset by a lower prevalence of illicit trade. PMI's shipment volume in the quarter of 5.5 billion units decreased by 11.3%. PMI's market share, as measured by Nielsen, was down by 1.7 points to 31.9%, with *Marlboro, Parliament, Bond Street* and *Chesterfield*, down by 0.6, 0.3, 1.1 and 0.7 points to 4.6%, 2.9%, 8.0% and 4.7%, respectively. The decrease in PMI's market share was partially offset by growth from *L&M*, up by 1.1 points to 3.2%, and low-price *President*, up by 1.9 points to 5.8%.

ASIA REGION

2014 Full-Year

Net revenues of $8.7 billion decreased by 16.9%, including unfavorable currency of $1.0 billion. Excluding currency, net revenues decreased by 7.2%, due to unfavorable volume/mix of $906 million, primarily in Australia and Japan, partly offset by favorable pricing of $155 million, notably in Indonesia, despite the adverse impact of the Philippines.

Reported operating companies income of $3.2 billion decreased by 31.0%, including unfavorable currency of $656 million. Excluding currency, operating companies income decreased by 16.9%, due primarily to: unfavorable volume/mix of $746 million; higher manufacturing costs, principally in Indonesia driven mainly by higher clove prices and the transition from hand-rolled to machine-made kretek cigarette production; costs related to the factory closure in Australia; investments related to the pilot launch and commercialization of *iQOS* in Japan; and higher marketing investment in support of new brand launches in Indonesia and Japan; partly offset by favorable pricing.

Adjusted operating companies income decreased by 30.7% as shown in the table below and detailed on Schedule 15. Adjusted operating companies income, excluding unfavorable currency, decreased by 16.6%.

Asia Operating Companies Income ($ Millions)

	Fourth-Quarter				Full-Year			
	2014	2013	Change	Excl. Curr.	2014	2013	Change	Excl. Curr.
Reported OCI	$ 573	$ 1,055	(45.7)%	(35.1)%	$ 3,187	$ 4,622	(31.0)%	(16.9)%
Asset impairment & exit costs	(11)	(19)			(35)	(27)		
Adjusted OCI	**$ 584**	**$ 1,074**	**(45.6)%**	**(35.2)%**	**$ 3,222**	**$ 4,649**	**(30.7)%**	**(16.6)%**
Adjusted OCI Margin*	29.2%	43.4%	(14.2)	(11.2)	36.9%	44.3%	(7.4)	(4.5)

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

Adjusted operating companies income margin, excluding unfavorable currency, decreased by 4.5 points to 39.8%, as detailed on Schedule 15, primarily reflecting the impact of unfavorable volume/mix, mainly in Australia and Japan, and higher costs, partly offset by higher pricing.

PMI's cigarette shipment volume of 288.1 billion units decreased by 4.4%, due primarily to: the unfavorable impact of an adjustment in distributor inventories in Japan; lower total market and share in Australia, mainly reflecting the impact of excise tax-driven price increases and competitive pricing in the deep discount segment, Japan and Pakistan, and lower share in Indonesia.

Shipment volume of *Marlboro* of 71.4 billion units decreased by 5.3%, due almost entirely to Japan, partly offset by the Philippines. Shipment volume of *Parliament* of 10.7 billion units increased by 1.8%, driven by Korea. Shipment volume of *Lark* of 17.7 billion units increased by 7.4%, driven mainly by Japan (including the morphed *Philip Morris*).

2014 Fourth-Quarter

Net revenues of $2.0 billion decreased by 19.1%, including unfavorable currency of $161 million. Excluding currency, net revenues decreased by 12.6%, due primarily to: unfavorable volume/mix of $342 million, due mainly to: Australia, reflecting a lower total market following the impact of tax-driven price increases in March and September of 2014, and lower market share, primarily due to the unfavorable impact of significant competitive price discounting at the low end of the market and continued down-trading; and Japan, principally reflecting a lower total market and the unfavorable impact of an adjustment in distributor inventories; partially offset by favorable pricing of $30 million, notably in Indonesia, despite the adverse impact of the Philippines.

Reported operating companies income of $573 million decreased by 45.7%, including unfavorable currency of $112 million. Excluding currency, operating companies income decreased by 35.1%, principally due to unfavorable volume/mix of $295 million, due predominantly to Australia and Japan, and higher costs, mainly higher manufacturing and distribution costs in Indonesia; marketing investment in support of new brand launches in Indonesia and Japan; and investments related to the pilot launch and commercialization of *iQOS* in Japan; partially offset by favorable pricing.

Adjusted operating companies income decreased by 45.6% as shown in the table above and detailed on Schedule 11. Adjusted operating companies income, excluding unfavorable currency, decreased by 35.2%.

Adjusted operating companies income margin, excluding unfavorable currency, decreased by 11.2 points to 32.2%, as detailed on Schedule 11, reflecting the impact of the aforementioned factors.

PMI's cigarette shipment volume of 69.3 billion units decreased by 7.3%, due primarily to: a lower total market and share in Australia, mainly reflecting the impact of excise tax-driven price increases and competitive pricing in the deep discount segment; a lower total market in Indonesia; a lower total market and the unfavorable impact of an adjustment in distributor inventories in Japan; and a lower total market and share in Pakistan.

Shipment volume of *Marlboro* of 16.9 billion units decreased by 9.3%, due predominantly to Japan. Shipment volume of *Parliament* of 2.3 billion units decreased by 6.8%, due mainly to Japan. Shipment volume of *Lark* of 3.2 billion units decreased by 6.9%, due principally to Japan.

Asia Key Market Commentaries

In **Indonesia**, the total cigarette market increased by 1.9% to 314.0 billion units in 2014. In 2015, the total market is forecast to increase by up to 2%. PMI's shipment volume of 109.7 billion units in 2014 decreased by 1.5%. PMI's market share decreased by 1.3 points to 34.9%, predominantly due to the share decline of: *Sampoerna Hijau*, down by 0.9 points to 3.4%, mainly reflecting the decline of the total hand-rolled kretek segment; and the hand-rolled, full-flavor variants of *Dji Sam Soe* in the premium segment, which decreased by 1.5 points to 4.2%, mainly due to a retail price change ahead of competition. The decline in PMI's market share was partly offset by machine-made mid-price *U Mild*, up by 1.0 point to 5.4%, and machine-made *Dji Sam Soe Magnum* and *Dji Sam Soe Magnum Blue,* up by a combined 1.0 share point to 2.1%. Market share of *Sampoerna A* in the premium machine-made lighter-tasting kretek segment was flat at 14.4%. While market share of *Marlboro* decreased by 0.1 point to 5.1%, its share of the "white" cigarettes segment, representing 6.4% of the total cigarette market, increased by 2.0 points to 79.7%. The machine-made kretek segment, representing 73.5% of the total cigarette market, increased by 3.8 points and PMI's share of the segment increased by 0.4 points to 29.9%.

In the fourth quarter of 2014, the estimated total cigarette market decreased by 3.0% to 79.0 billion units, primarily reflecting the elimination of fuel subsidies and higher commodity prices. PMI's shipment volume in the quarter of 27.9 billion units decreased by 3.8%. PMI's market share decreased by 0.3 points to 35.3%, predominantly due to the share decline of *Sampoerna Hijau*, down by 1.0 point to 3.2%, mainly reflecting the decline of the total hand-rolled kretek segment. Market share of the brand family *Dji Sam Soe* increased by 0.5 points to 6.8%, mainly reflecting the growth of machine-made *Dji Sam Soe Magnum Blue*, which was launched in April 2014 and which reached a market share of 0.5% in the quarter, as well as the continued growth of *Dji Sam Soe Magnum*. Market share of *Sampoerna A,* in the premium machine-made lighter-tasting kretek segment, increased by 0.4 points to 14.8%, and mid-price *U Mild* increased by 0.6 points to 5.3%. Although *Marlboro*'s market share decreased by 0.1 point to 5.0%, its share of the "white" cigarettes segment, which represented 6.2% of the total cigarette market, increased by 1.4 points to 80.3%. The machine-made kretek segment, representing 74.1% of the total cigarette market, increased by 3.0 points and PMI's share of the segment increased by 1.5 points to 30.6%.

In **Japan**, the total cigarette market decreased by 3.4% to 186.2 billion units in 2014, partly reflecting the unfavorable impact of the consumption tax-driven retail price increases of April 1, 2014. In 2015, the total market is forecast to decrease by an estimated 2.5% to 3.0%. PMI's shipment volume of 45.6 billion units in 2014 decreased by 14.0%, principally due to the unfavorable impact of an adjustment in distributor inventories and a lower total market and share. Excluding the impact of these inventory movements, PMI's shipment volume decreased by 5.8%. PMI's market share decreased by 0.8 points to 25.9%. Share of *Marlboro* and *Virginia S.* decreased by 0.5 points and 0.1 point to 11.6% and 1.9%, respectively. Share of *Lark* (including the morphed *Philip Morris*) declined by 0.1 point to 10.0%.

In the fourth quarter of 2014, the total cigarette market decreased by 3.7% to 47.3 billion units, partly reflecting the unfavorable impact of the consumption tax-driven retail price increases of April 1, 2014. PMI's shipment volume in the quarter of 8.1 billion units decreased by 23.0%, principally due to a lower total market and the unfavorable impact of an adjustment in distributor inventories. Excluding the impact of these inventory movements, PMI's shipment volume decreased by 4.1%. PMI's market share increased by 0.1 point to 26.0%, the first year-on-year quarterly share gain since the second quarter of 2012, driven by *Lark* (including the morphed *Philip Morris*), up by 0.4 points to 10.2%. Market share of *Marlboro* and *Virginia S.* declined by 0.2 points and 0.1 point to 11.6% and 1.9%, respectively. PMI's market share in the quarter was marginally up compared to the third quarter of 2014 indicating ongoing stabilization.

In **Korea**, the total cigarette market increased by 1.2% to 89.4 billion units in 2014, reflecting favorable estimated trade inventory movements. Excluding the impact of these inventory movements, the total cigarette market decreased by approximately 2%. In 2015, the underlying total market is forecast to decrease by approximately 20%-25%. PMI's shipment volume of 17.3 billion units in 2014 increased by 1.1% and market share was flat at 19.4%, with share of *Parliament* up by 0.1 point to 7.0%, partly offset by *Marlboro*, down by 0.1 point to 7.6%.

In the fourth quarter of 2014, the total cigarette market increased by 3.6% to 23.1 billion units, reflecting favorable estimated trade inventory movements ahead of the announced excise tax increase effective January 1, 2015. Excluding the impact of these inventory movements, the total cigarette market was down by 0.9%. PMI's shipment volume in the quarter of 4.5 billion units increased by 3.3% and market share increased by 0.1 point to 19.5%, with *Parliament* and *Marlboro* flat at 7.0% and 7.7%, respectively, and *Virginia S.* up by 0.2 points to 4.2%.

In the **Philippines**, the estimated total tax-paid industry cigarette volume decreased by 4.6% to an estimated 82.3 billion units in 2014, reflecting the prevalence of domestic non-duty paid products. While PMI's shipment volume of 68.4 billion units decreased by 0.2%, PMI's market share of the estimated total tax-paid cigarette industry increased by 3.7 points to 83.0%. *Marlboro*'s market share increased by 1.7 points to 18.4% and share of *Fortune* increased by 1.8 points to 33.4%.

In the fourth quarter of 2014, estimated total tax-paid industry cigarette volumes decreased by 12.9% to 21.8 billion units, reflecting a higher incidence of non-tax-paid volume. While PMI's shipment volume in the quarter of 17.5 billion units decreased by 3.3%, PMI's market share of the estimated total tax-paid cigarette industry of 80.3% was up by 8.0 points. *Marlboro*'s market share increased by 2.4 points to 19.3% and share of *Fortune* increased by 4.8 points to 31.5%.

LATIN AMERICA & CANADA REGION

2014 Full-Year

Net revenues of $3.3 billion decreased by 2.3%, including unfavorable currency of $431 million. Excluding currency, net revenues increased by 10.6%, or by the same percentage excluding currency and acquisitions, driven by favorable pricing of $481 million, principally in Argentina, Canada and Mexico, partially offset by unfavorable volume/mix of $127 million, principally due to a lower total market in Canada and Mexico.

Reported operating companies income of $1.0 billion decreased by 9.2%, including unfavorable currency of $243 million. Excluding currency, operating companies income increased by 12.3%, or by the same percentage excluding currency and acquisitions, primarily driven by favorable pricing, partially offset by unfavorable volume/mix of $133 million.

Adjusted operating companies income decreased by 8.9% as shown in the table below and detailed on Schedule 15. Adjusted operating companies income, excluding unfavorable currency and the impact of acquisitions, increased by 12.6%.

Latin America & Canada Operating Companies Income ($ Millions)

	Fourth-Quarter				Full-Year			
	2014	2013	Change	Excl. Curr.	2014	2013	Change	Excl. Curr.
Reported OCI	$ 296	$ 358	(17.3)%	(0.8)%	$ 1,030	$ 1,134	(9.2)%	12.3%
Asset impairment & exit costs	(1)	(5)			(8)	(5)		
Adjusted OCI	**$ 297**	**$ 363**	**(18.2)%**	**(1.9)%**	**$ 1,038**	**$ 1,139**	**(8.9)%**	**12.5%**
Adjusted OCI Margin*	32.2%	39.6%	(7.4)	(5.3)	31.7%	34.0%	(2.3)	0.5

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

Adjusted operating companies income margin, excluding unfavorable currency and acquisitions, increased by 0.6 points to 34.6%, as detailed on Schedule 15.

PMI's cigarette shipment volume of 94.7 billion units decreased by 2.7%, principally due to a lower total market, predominantly in Canada and Mexico. While shipment volume of *Marlboro* of 37.0 billion units decreased by 4.3%, due predominantly to Mexico, its market share was up in Argentina, Brazil and Colombia by 0.3, 0.5 and 1.0 points to 24.1%, 9.2% and 7.9%, respectively. Shipment volume of *Philip Morris* of 19.1 billion units increased by 2.1%, driven mainly by Argentina.

2014 Fourth-Quarter

Net revenues of $922 million increased by 0.5%, including unfavorable currency of $115 million. Excluding currency, net revenues increased by 13.1%, or by the same percentage excluding currency and acquisitions, driven by favorable pricing of $149 million, principally in Argentina, Canada and Mexico, partially offset by unfavorable volume/mix of $29 million, principally due to a lower total market in Brazil, Canada and Mexico.

Reported operating companies income of $296 million decreased by 17.3%, including unfavorable currency of $59 million. Excluding currency and acquisitions, operating companies income decreased by 0.6%, reflecting unfavorable volume/mix of $32 million, higher marketing costs, notably in Mexico related to the roll-out of the *Marlboro* 2.0 Architecture, and investments in Canada related to the implementation of a new distribution model, partly offset by favorable pricing.

Adjusted operating companies income decreased by 18.2%, as shown in the table above and detailed on Schedule 11. Adjusted operating companies income, excluding unfavorable currency and the impact of acquisitions, decreased by 1.7%.

Adjusted operating companies income margin, excluding unfavorable currency and the impact of acquisitions, decreased by 5.2 points to 34.4%, as detailed on Schedule 11, reflecting the aforementioned factors.

PMI's cigarette shipment volume of 26.7 billion units decreased by 2.9%, due largely to Argentina, Brazil, Canada and Mexico. Although shipment volume of *Marlboro* of 10.8 billion units decreased by 3.3%, due predominantly to Mexico, its market share was up, notably in Argentina, Brazil and Colombia by 0.7, 0.5 and 1.1 points to 24.5%, 10.0% and 8.3%, respectively.

Latin America & Canada Key Market Commentaries

In **Argentina**, the total cigarette market decreased by 2.2% to 41.7 billion units in 2014. While PMI's cigarette shipment volume of 32.3 billion units decreased by 0.2%, market share increased by 1.5 points to 77.1%, driven by *Marlboro,* up by 0.3 points to 24.1%, and mid-price *Philip Morris*, up by 1.9 points to 43.4%, reflecting the positive impact of its capsule variants, partly offset by low-price *Next*, down by 0.5 points to 2.0%.

In the fourth quarter of 2014, the total cigarette market decreased by 3.8% to 11.0 billion units. While PMI's cigarette shipment volume in the quarter of 8.6 billion units decreased by 2.5%, market share increased by 0.9 points to 77.5%, driven by *Marlboro,* up by 0.7 points to 24.5%, and mid-price *Philip Morris*, up by 0.9 points to 43.7%, reflecting the positive impact of its capsule variants, partially offset by low-price *Next*, down by 0.4 points to 1.9%.

In **Canada**, the total cigarette market decreased by 5.5% to 27.3 billion units in 2014, mainly due to the impact of both federal and provincial tax-driven price increases during the first half of the year. While PMI's cigarette shipment volume of 10.3 billion units decreased by 4.6%, market share increased by 0.4 points to 37.6%, with premium *Belmont* up by 0.4 points to 3.0% and premium brand *Benson & Hedges* flat at 2.4%. Market share of low-price *Next* was up by 0.7 points to 10.6%, partly offset by mid-price *Number 7* and low-price *Accord*, down by 0.2 and 0.5 points to 4.0% and 2.4%, respectively. Market share of mid-price *Canadian Classics* was up by 0.3 points to 10.4%.

In the fourth quarter of 2014, the total cigarette market decreased by 5.9% to 6.9 billion units, mainly due to the impact of aforementioned tax-driven price increases. PMI's cigarette shipment volume of 2.6 billion units decreased by 6.3%. PMI's market share decreased by 0.1 point to 36.9%, with premium brands *Benson & Hedges* flat at 2.4% and *Belmont* up by 0.3 points to 3.0%. Market share of mid-price *Canadian Classics* was up by 0.6 points to 10.4% and mid-price *Number 7* was flat at 3.9%. Market share of low-price *Next* decreased by 0.2 points to 10.1%, and low-price *Accord* was down by 0.5 points to 2.2%.

In **Mexico**, the total cigarette market decreased by 3.2% to 33.5 billion units in 2014, primarily reflecting unfavorable estimated trade inventory movements compared to 2013. Excluding the impact of these inventory movements, the total cigarette market is estimated to have declined by approximately 0.5%. PMI's cigarette shipment volume of 23.9 billion units decreased by 6.1%. PMI's market share decreased by 2.2 points to 71.3%. While market share of *Marlboro* and *Benson & Hedges* was down by 2.6 and 0.3 share points to 49.7% and 5.2%, respectively, reflecting consumer down-trading, PMI's share of the premium price segment was up by 0.8 points to 91.5%. Market share of *Delicados*, the second best-selling brand in the market, decreased by 0.1 point to 11.1%.

In the fourth quarter of 2014, the total cigarette market decreased by 2.4% to 9.6 billion units, primarily reflecting unfavorable estimated trade inventory movements compared to 2013. Excluding the impact of these inventory movements, the total cigarette market is estimated to have declined by approximately 0.2%. PMI's cigarette shipment volume in the quarter of 7.1 billion units decreased by 3.5%. While PMI's market share decreased by 0.8 points to 74.4%, it represented the highest quarterly share performance of 2014. While share of premium *Benson & Hedges* was up by 0.1 point to 5.4% in the fourth quarter, market share of *Marlboro* was down by 1.8 points to 51.9%, reflecting consumer down-trading. PMI's share of the premium segment, representing 62.5% of the total cigarette market, increased by 0.1 point to 91.7%. Market share of *Delicados* increased by 0.1 point to 11.5%.

Philip Morris International Inc. Profile

Philip Morris International Inc. (PMI) is the leading international tobacco company, with seven of the world's top 15 international brands, including *Marlboro*, the number one cigarette brand worldwide. PMI's products are sold in more than 180 markets. In 2014, the company held an estimated 15.6% share of the total international cigarette market outside of the U.S., or 28.6% 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. Achievement of projected results is subject to risks, uncertainties and inaccurate assumptions. In the event that risks or uncertainties materialize, or underlying assumptions prove inaccurate, actual results could vary materially from those contained in such forward-looking statements. Pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, PMI is identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by PMI.

PMI's business risks include: significant increases in cigarette-related taxes; the imposition of discriminatory excise tax structures; fluctuations in customer inventory levels due to increases in product taxes and prices;

increasing marketing and regulatory restrictions, often with the goal of reducing or preventing the use of tobacco products; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; litigation related to tobacco use; intense competition; the effects of global and individual country economic, regulatory and political developments; changes in adult smoker behavior; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations; adverse changes in applicable corporate tax laws; adverse changes in the cost and quality of tobacco and other agricultural products and raw materials; and the integrity of its information systems. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to produce products that have the potential to reduce individual risk and population harm; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; or if it is unable to attract and retain the best global talent.

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, 2014. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations.

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

	2014	2013	% Change
Net revenues	**$ 19,941**	**$ 20,390**	**(2.2)%**
Cost of sales	2,632	2,602	1.2 %
Excise taxes on products (1)	12,744	12,601	1.1 %
Gross profit	4,565	5,187	(12.0)%
Marketing, administration and research costs	1,975	1,676	
Asset impairment and exit costs	32	301	
Amortization of intangibles	26	22	
Operating income (2)	**2,532**	**3,188**	**(20.6)%**
Interest expense, net	263	252	
Earnings before income taxes	2,269	2,936	(22.7)%
Provision for income taxes	651	893	(27.1)%
Equity (income)/loss in unconsolidated subsidiaries, net	(31)	7	
Net earnings	1,649	2,036	(19.0)%
Net earnings attributable to noncontrolling interests	37	49	
Net earnings attributable to PMI	**$ 1,612**	**$ 1,987**	**(18.9)%**
Per share data: (3)			
Basic earnings per share	**$ 1.03**	**$ 1.24**	**(16.9)%**
Diluted earnings per share	**$ 1.03**	**$ 1.24**	**(16.9)%**

(1) The segment detail of excise taxes on products sold for the quarters ended December 31, 2014 and 2013 is shown on Schedule 2.

(2) PMI's management evaluates segment performance and allocates resources based on operating companies income, which PMI defines as operating income, excluding general corporate expenses and amortization of intangibles, plus equity (income)/loss in unconsolidated subsidiaries, net. The reconciliation from operating income to operating companies income is as follows:

	2014	2013	% Change
Operating Income	**$ 2,532**	**$ 3,188**	**(20.6)%**
<u>Excluding:</u>			
- Amortization of Intangibles	26	22	
- General corporate expenses (included in marketing, administration and research costs above)	35	32	
Plus: Equity (income)/loss in unconsolidated subsidiaries, net	(31)	7	
Operating Companies Income	**$ 2,624**	**$ 3,235**	**(18.9)%**

(3) Net earnings and weighted-average shares used in the basic and diluted earnings per share computations for the quarters ended December 31, 2014 and 2013 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**
2014	Net Revenues (1)	$ 6,833	$ 5,581	$ 4,740	$ 2,787	$ 19,941
	Excise Taxes on Products	(4,757)	(3,385)	(2,737)	(1,865)	(12,744)
	Net Revenues excluding Excise Taxes	**2,076**	**2,196**	**2,003**	**922**	**7,197**
2013	Net Revenues	$ 7,048	$ 5,349	$ 5,211	$ 2,782	$ 20,390
	Excise Taxes on Products	(4,909)	(3,092)	(2,735)	(1,865)	(12,601)
	Net Revenues excluding Excise Taxes	**2,139**	**2,257**	**2,476**	**917**	**7,789**
Variance	Currency	(121)	(284)	(161)	(115)	(681)
	Acquisitions	6	1	—	—	7
	Operations	52	222	(312)	120	82
	Variance Total	**(63)**	**(61)**	**(473)**	**5**	**(592)**
	Variance Total (%)	(2.9)%	(2.7)%	(19.1)%	0.5%	(7.6)%
	Variance excluding Currency	58	223	(312)	120	89
	Variance excluding Currency (%)	2.7 %	9.9 %	(12.6)%	13.1%	1.1 %
	Variance excluding Currency & Acquisitions	52	222	(312)	120	82
	Variance excluding Currency & Acquisitions (%)	2.4 %	9.8 %	(12.6)%	13.1%	1.1 %

(1) 2014 Currency decreased net revenues as follows:

European Union	$ (413)
EEMA	(738)
Asia	(265)
Latin America & Canada	(422)
	$ (1,838)

Schedule 3

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**
2014	$ 852	$ 903	$ 573	$ 296	$ 2,624
2013	1,011	811	1,055	358	3,235
% Change	(15.7)%	11.3%	(45.7)%	(17.3)%	(18.9)%
Reconciliation:					
For the quarter ended December 31, 2013	**$ 1,011**	**$ 811**	**$ 1,055**	**$ 358**	**$ 3,235**
2013 Asset impairment and exit costs	13	264	19	5	301
2014 Asset impairment and exit costs	(18)	(2)	(11)	(1)	(32)
Acquired businesses	(1)	(8)	—	(1)	(10)
Currency	(80)	(243)	(112)	(59)	(494)
Operations	(73)	81	(378)	(6)	(376)
For the quarter ended December 31, 2014	**$ 852**	**$ 903**	**$ 573**	**$ 296**	**$ 2,624**

Schedule 4

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

		Diluted E.P.S.	
2014 Diluted Earnings Per Share	$	1.03	(1)
2013 Diluted Earnings Per Share	$	1.24	(1)
Change	$	(0.21)	
% Change		(16.9)%	
Reconciliation:			
2013 Diluted Earnings Per Share	**$**	**1.24**	(1)
Special Items:			
2013 Asset impairment and exit costs		0.12	
2013 Tax items		0.01	
2014 Asset impairment and exit costs		—	
2014 Tax items		—	
Currency		(0.28)	
Interest		(0.01)	
Change in tax rate		0.01	
Impact of lower shares outstanding and share-based payments		0.03	
Operations		(0.09)	
2014 Diluted Earnings Per Share	**$**	**1.03**	(1)

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

		Q4 2014		Q4 2013
Net earnings attributable to PMI	$	1,612	$	1,987
Less distributed and undistributed earnings attributable to share-based payment awards		8		10
Net earnings for basic and diluted EPS	$	1,604	$	1,977
Weighted-average shares for basic and diluted EPS		1,552		1,598

Schedule 5

PHILIP MORRIS INTERNATIONAL INC.

and Subsidiaries

Condensed Statements of Earnings

For the Years Ended December 31,

($ in millions, except per share data)

(Unaudited)

	2014	2013	% Change
Net revenues	**$ 80,106**	**$ 80,029**	**0.1 %**
Cost of sales	10,436	10,410	0.2 %
Excise taxes on products (2)	50,339	48,812	3.1 %
Gross profit	19,331	20,807	(7.1)%
Marketing, administration and research costs	7,001	6,890	
Asset impairment and exit costs	535	309	
Amortization of intangibles	93	93	
Operating income (3)	**11,702**	**13,515**	**(13.4)%**
Interest expense, net	1,052	973	
Earnings before income taxes	10,650	12,542	(15.1)%
Provision for income taxes	3,097	3,670	(15.6)%
Equity (income)/loss in unconsolidated subsidiaries, net	(105)	22	
Net earnings	7,658	8,850	(13.5)%
Net earnings attributable to noncontrolling interests	165	274	
Net earnings attributable to PMI	**$ 7,493**	**$ 8,576**	**(12.6)%**
Per share data: (3)			
Basic earnings per share	**$ 4.76**	**$ 5.26**	**(9.5)%**
Diluted earnings per share	**$ 4.76**	**$ 5.26**	**(9.5)%**

(1) The segment detail of excise taxes on products sold for the year ended 2014 and 2013 is shown on Schedule 6.

(2) PMI's management evaluates segment performance and allocates resources based on operating companies income, which PMI defines as operating income, excluding general corporate expenses and amortization of intangibles, plus equity (income)/loss in unconsolidated subsidiaries, net. The reconciliation from operating income to operating companies income is as follows:

	2014	2013	% Change
Operating Income	**$ 11,702**	**$ 13,515**	**(13.4)%**
Excluding:			
- Amortization of Intangibles	93	93	
- General corporate expenses (included in marketing, administration and research costs above)	165	187	
Plus: Equity (income)/loss in unconsolidated subsidiaries, net	(105)	22	
Operating Companies Income	**$ 12,065**	**$ 13,773**	**(12.4)%**

(3) Net earnings and weighted-average shares used in the basic and diluted earnings per share computations for the year ended 2014 and 2013 are shown on Schedule 8, Footnote 1.

Schedule 6

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**
2014	Net Revenues (1)	$ 29,058	$ 21,928	$ 19,255	$ 9,865	$ 80,106
	Excise Taxes on Products	(20,219)	(13,006)	(10,527)	(6,587)	(50,339)
	Net Revenues excluding Excise Taxes	**8,839**	**8,922**	**8,728**	**3,278**	**29,767**
2013	Net Revenues	$ 28,303	$ 20,695	$ 20,987	$ 10,044	$ 80,029
	Excise Taxes on Products	(19,707)	(11,929)	(10,486)	(6,690)	(48,812)
	Net Revenues excluding Excise Taxes	**8,596**	**8,766**	**10,501**	**3,354**	**31,217**
Variance	Currency	122	(761)	(1,022)	(431)	(2,092)
	Acquisitions	11	1	—	1	13
	Operations	110	916	(751)	354	629
	Variance Total	**243**	**156**	**(1,773)**	**(76)**	**(1,450)**
	Variance Total (%)	2.8%	1.8%	(16.9)%	(2.3)%	(4.6)%
	Variance excluding Currency	121	917	(751)	355	642
	Variance excluding Currency (%)	1.4%	10.5%	(7.2)%	10.6 %	2.1 %
	Variance excluding Currency & Acquisitions	110	916	(751)	354	629
	Variance excluding Currency & Acquisitions (%)	1.3%	10.4%	(7.2)%	10.6 %	2.0 %

(1) 2014 Currency increased (decreased) net revenues as follows:

European Union	$ 343
EEMA	(2,222)
Asia	(1,899)
Latin America & Canada	(1,570)
	$ (5,348)

Schedule 7

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**
2014	$ 3,727	$ 4,121	$ 3,187	$ 1,030	$ 12,065
2013	4,238	3,779	4,622	1,134	13,773
% Change	(12.1)%	9.1%	(31.0)%	(9.2)%	(12.4)%
Reconciliation:					
For the year ended December 31, 2013	**$ 4,238**	**$ 3,779**	**$ 4,622**	**$ 1,134**	**$ 13,773**
2013 Asset impairment and exit costs	13	264	27	5	309
2014 Asset impairment and exit costs	(490)	(2)	(35)	(8)	(535)
Acquired businesses	(1)	(8)	—	(1)	(10)
Currency	37	(611)	(656)	(243)	(1,473)
Operations	(70)	699	(771)	143	1
For the year ended December 31, 2014	**$ 3,727**	**$ 4,121**	**$ 3,187**	**$ 1,030**	**$ 12,065**

Schedule 8

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

	Diluted E.P.S.	
2014 Diluted Earnings Per Share	$ 4.76	(1)
2013 Diluted Earnings Per Share	$ 5.26	(1)
Change	$ (0.50)	
% Change	(9.5)%	
Reconciliation:		
2013 Diluted Earnings Per Share	**$ 5.26**	(1)
Special Items:		
2013 Asset impairment and exit costs	0.12	
2013 Tax items	0.02	
2014 Asset impairment and exit costs	(0.26)	
2014 Tax items	—	
Currency	(0.80)	
Interest	(0.04)	
Change in tax rate	0.02	
Impact of lower shares outstanding and share-based payments	0.18	
Operations	0.26	
2014 Diluted Earnings Per Share	**$ 4.76**	(1)

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

	YTD December 2014	YTD December 2013
Net earnings attributable to PMI	$ 7,493	$ 8,576
Less distributed and undistributed earnings attributable to share-based payment awards	34	45
Net earnings for basic and diluted EPS	$ 7,459	$ 8,531
Weighted-average shares for basic and diluted EPS	1,566	1,622

Schedule 9

PHILIP MORRIS INTERNATIONAL INC.

and Subsidiaries

Condensed Balance Sheets

($ in millions, except ratios)

(Unaudited)

		December 31, 2014		December 31, 2013
Assets				
Cash and cash equivalents	$	1,682	$	2,154
All other current assets		13,802		14,698
Property, plant and equipment, net		6,071		6,755
Goodwill		8,388		8,893
Other intangible assets, net		2,985		3,193
Investments in unconsolidated subsidiaries		1,083		1,536
Other assets		1,176		939
Total assets	**$**	**35,187**	**$**	**38,168**
Liabilities and Stockholders' (Deficit) Equity				
Short-term borrowings	$	1,208	$	2,400
Current portion of long-term debt		1,318		1,255
All other current liabilities		12,586		13,411
Long-term debt		26,929		24,023
Deferred income taxes		1,549		1,477
Other long-term liabilities		2,800		1,876
Total liabilities		46,390		44,442
Total PMI stockholders' deficit		(12,629)		(7,766)
Noncontrolling interests		1,426		1,492
Total stockholders' deficit		(11,203)		(6,274)
Total liabilities and stockholders' (deficit) equity	**$**	**35,187**	**$**	**38,168**
Total debt	$	29,455	$	27,678
Total debt to Adjusted EBITDA		2.24 (1)		1.88 (1)
Net debt to Adjusted EBITDA		2.12 (1)		1.74 (1)

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

Schedule 10

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

2014								2013			% 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
$ 6,833	$ 4,757	$ 2,076	$ (121)	$ 2,197	$ 6	$ 2,191	European Union	$ 7,048	$ 4,909	$ 2,139	(2.9)%	2.7 %	2.4 %
5,581	3,385	2,196	(284)	2,480	1	2,479	EEMA	5,349	3,092	2,257	(2.7)%	9.9 %	9.8 %
4,740	2,737	2,003	(161)	2,164	—	2,164	Asia	5,211	2,735	2,476	(19.1)%	(12.6)%	(12.6)%
2,787	1,865	922	(115)	1,037	—	1,037	Latin America & Canada	2,782	1,865	917	0.5 %	13.1 %	13.1 %
$ 19,941	**$ 12,744**	**$ 7,197**	**$ (681)**	**$ 7,878**	**$ 7**	**$ 7,871**	**PMI Total**	**$ 20,390**	**$ 12,601**	**$ 7,789**	**(7.6)%**	**1.1 %**	**1.1 %**

2014						2013	% 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
$ 852	$ (80)	$ 932	$ (1)	$ 933	European Union	$ 1,011	(15.7)%	(7.8)%	(7.7)%
903	(243)	1,146	(8)	1,154	EEMA	811	11.3 %	41.3 %	42.3 %
573	(112)	685	—	685	Asia	1,055	(45.7)%	(35.1)%	(35.1)%
296	(59)	355	(1)	356	Latin America & Canada	358	(17.3)%	(0.8)%	(0.6)%
$ 2,624	**$ (494)**	**$ 3,118**	**$ (10)**	**$ 3,128**	**PMI Total**	**$ 3,235**	**(18.9)%**	**(3.6)%**	**(3.3)%**

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)

2014								2013			% 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
$ 852	$ (18)	$ 870	$ (80)	$ 950	$ (1)	$ 951	European Union	$ 1,011	$ (13)	$ 1,024	(15.0)%	(7.2)%	(7.1)%
903	(2)	905	(243)	1,148	(8)	1,156	EEMA	811	(264)	1,075	(15.8)%	6.8 %	7.5 %
573	(11)	584	(112)	696	—	696	Asia	1,055	(19)	1,074	(45.6)%	(35.2)%	(35.2)%
296	(1)	297	(59)	356	(1)	357	Latin America & Canada	358	(5)	363	(18.2)%	(1.9)%	(1.7)%
$ 2,624	**$ (32)**	**$ 2,656**	**$ (494)**	**$ 3,150**	**$ (10)**	**$ 3,160**	**PMI Total**	**$ 3,235**	**$ (301)**	**$ 3,536**	**(24.9)%**	**(10.9)%**	**(10.6)%**

2014								2013				% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency(1)	Adjusted Operating Companies Income Margin excluding Currency		Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions(1)	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions		Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes(1)	Adjusted Operating Companies Income Margin		Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
$ 950	$ 2,197	43.2%		$ 951	$ 2,191	43.4%	European Union	$ 1,024	$ 2,139	47.9%		(4.7)	(4.5)
1,148	2,480	46.3%		1,156	2,479	46.6%	EEMA	1,075	2,257	47.6%		(1.3)	(1.0)
696	2,164	32.2%		696	2,164	32.2%	Asia	1,074	2,476	43.4%		(11.2)	(11.2)
356	1,037	34.3%		357	1,037	34.4%	Latin America & Canada	363	917	39.6%		(5.3)	(5.2)
$ 3,150	**$ 7,878**	**40.0%**		**$ 3,160**	**$ 7,871**	**40.1%**	**PMI Total**	**$ 3,536**	**$ 7,789**	**45.4%**		**(5.4)**	**(5.3)**

(1) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to Schedule 10.

Schedule 12

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)

	2014	2013	% Change
Reported Diluted EPS	**$ 1.03**	**$ 1.24**	**(16.9)%**
Adjustments:			
Asset impairment and exit costs	—	0.12	
Tax items	—	0.01	
Adjusted Diluted EPS	**$ 1.03**	**$ 1.37**	**(24.8)%**
Less:			
Currency impact	(0.28)		
Adjusted Diluted EPS, excluding Currency	**$ 1.31**	**$ 1.37**	**(4.4)%**

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)

	2014	2013	% Change
Reported Diluted EPS	**$ 1.03**	**$ 1.24**	**(16.9)%**
Less:			
Currency impact	(0.28)		
Reported Diluted EPS, excluding Currency	**$ 1.31**	**$ 1.24**	**5.6 %**

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)

2014								2013			% 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
$ 29,058	$ 20,219	$ 8,839	$ 122	$ 8,717	$ 11	$ 8,706	European Union	$ 28,303	$ 19,707	$ 8,596	2.8 %	1.4 %	1.3 %
21,928	13,006	8,922	(761)	9,683	1	9,682	EEMA	20,695	11,929	8,766	1.8 %	10.5 %	10.4 %
19,255	10,527	8,728	(1,022)	9,750	—	9,750	Asia	20,987	10,486	10,501	(16.9)%	(7.2)%	(7.2)%
9,865	6,587	3,278	(431)	3,709	1	3,708	Latin America & Canada	10,044	6,690	3,354	(2.3)%	10.6 %	10.6 %
$ 80,106	**$ 50,339**	**$ 29,767**	**$ (2,092)**	**$ 31,859**	**$ 13**	**$ 31,846**	**PMI Total**	**$ 80,029**	**$ 48,812**	**$ 31,217**	**(4.6)%**	**2.1 %**	**2.0 %**

2014						2013	% 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
$ 3,727	$ 37	$ 3,690	$ (1)	$ 3,691	European Union	$ 4,238	(12.1)%	(12.9)%	(12.9)%
4,121	(611)	4,732	(8)	4,740	EEMA	3,779	9.1 %	25.2 %	25.4 %
3,187	(656)	3,843	—	3,843	Asia	4,622	(31.0)%	(16.9)%	(16.9)%
1,030	(243)	1,273	(1)	1,274	Latin America & Canada	1,134	(9.2)%	12.3 %	12.3 %
$ 12,065	**$ (1,473)**	**$ 13,538**	**$ (10)**	**$ 13,548**	**PMI Total**	**$ 13,773**	**(12.4)%**	**(1.7)%**	**(1.6)%**

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)

2014								2013			% 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
$ 3,727	$ (490)	$ 4,217	$ 37	$ 4,180	$ (1)	$ 4,181	European Union	$ 4,238	$ (13)	$ 4,251	(0.8)%	(1.7)%	(1.6)%
4,121	(2)	4,123	(611)	4,734	(8)	4,742	EEMA	3,779	(264)	4,043	2.0 %	17.1 %	17.3 %
3,187	(35)	3,222	(656)	3,878	—	3,878	Asia	4,622	(27)	4,649	(30.7)%	(16.6)%	(16.6)%
1,030	(8)	1,038	(243)	1,281	(1)	1,282	Latin America & Canada	1,134	(5)	1,139	(8.9)%	12.5 %	12.6 %
$ 12,065	**$ (535)**	**$ 12,600**	**$ (1,473)**	**$ 14,073**	**$ (10)**	**$ 14,083**	**PMI Total**	**$ 13,773**	**$ (309)**	**$ 14,082**	**(10.5)%**	**(0.1)%**	**— %**

2014							2013			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency(1)	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions(1)	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions		Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes(1)	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
$ 4,180	$ 8,717	48.0%	$ 4,181	$ 8,706	48.0%	European Union	$ 4,251	$ 8,596	49.5%	(1.5)	(1.5)
4,734	9,683	48.9%	4,742	9,682	49.0%	EEMA	4,043	8,766	46.1%	2.8	2.9
3,878	9,750	39.8%	3,878	9,750	39.8%	Asia	4,649	10,501	44.3%	(4.5)	(4.5)
1,281	3,709	34.5%	1,282	3,708	34.6%	Latin America & Canada	1,139	3,354	34.0%	0.5	0.6
$ 14,073	**$ 31,859**	**44.2%**	**$ 14,083**	**$ 31,846**	**44.2%**	**PMI Total**	**$ 14,082**	**$ 31,217**	**45.1%**	**(0.9)**	**(0.9)**

(1) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to Schedule 14.

Schedule 16

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)

	2014	2013	% Change
Reported Diluted EPS	**$ 4.76**	**$ 5.26**	**(9.5)%**
Adjustments:			
Asset impairment and exit costs	0.26	0.12	
Tax items	—	0.02	
Adjusted Diluted EPS	**$ 5.02**	**$ 5.40**	**(7.0)%**
Less:			
Currency impact	(0.80)		
Adjusted Diluted EPS, excluding Currency	**$ 5.82**	**$ 5.40**	**7.8 %**

Schedule 17

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)

	2014	2013	% Change
Reported Diluted EPS	**$ 4.76**	**$ 5.26**	**(9.5)%**
Less:			
Currency impact	(0.80)		
Reported Diluted EPS, excluding Currency	**$ 5.56**	**$ 5.26**	**5.7 %**

Schedule 18

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

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013
Earnings before income taxes	$ 10,650	$ 12,542
Interest expense, net	1,052	973
Depreciation and amortization	889	882
Extraordinary, unusual or non-recurring expenses, net (1)	535	309
Adjusted EBITDA	**$ 13,126**	**$ 14,706**

	December 31, 2014	December 31, 2013
Short-term borrowings	$ 1,208	$ 2,400
Current portion of long-term debt	1,318	1,255
Long-term debt	26,929	24,023
Total Debt	**$ 29,455**	**$ 27,678**
Less: Cash and cash equivalents	1,682	2,154
Net Debt	**$ 27,773**	**$ 25,524**
Ratios		
Total Debt to Adjusted EBITDA	**2.24**	**1.88**
Net Debt to Adjusted EBITDA	**2.12**	**1.74**

(1) Asset Impairment and Exit Costs at Operating Income level.

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,		
	2014	2013	% Change	2014	2013	% Change
Net cash provided by operating activities(a)	$ 1,354	$ 2,320	(41.6)%	$ 7,739	$ 10,135	(23.6)%
Less:						
Capital expenditures	349	379		1,153	1,200	
Free cash flow	$ 1,005	$ 1,941	(48.2)%	$ 6,586	$ 8,935	(26.3)%
Less:						
Currency impact	(267)			(1,639)		
Free cash flow, excluding currency	$ 1,272	$ 1,941	(34.5)%	$ 8,225	$ 8,935	(7.9)%

	For the Quarters Ended December 31,			For the Years Ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Net cash provided by operating activities(a)	$ 1,354	$ 2,320	(41.6)%	$ 7,739	$ 10,135	(23.6)%
Less:						
Currency impact	(307)			(1,719)		
Net cash provided by operating activities, excluding currency	$ 1,661	$ 2,320	(28.4)%	$ 9,458	$ 10,135	(6.7)%

(a) Operating cash flow.

Exhibit 99.2

Philip Morris International Inc.
2014 Fourth-Quarter and Full-Year Results Conference Call
February 5, 2015

NICK ROLLI

(SLIDE 1.)

Welcome. Thank you for joining us. Earlier today, we issued a press release containing detailed information on our 2014 fourth-quarter and full-year 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 fourth-quarter and full-year 2014 and comparing them to the same periods in 2013, unless otherwise stated.

A glossary of terms, data tables showing adjustments to net revenues and OCI, for currency and acquisitions, asset impairment, exit and other costs, and adjustments to earnings per share, or “EPS”, as well as reconciliations to U.S. GAAP measures are at the end of today’s webcast slides, which are posted on our web site. Please note that Reduced-Risk Products, or “RRPs”, is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes.

(SLIDE 3.)

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

It’s now my pleasure to introduce André Calantzopoulos, our Chief Executive Officer. Jacek Olczak, our Chief Financial Officer, will join André for the question and answer period.

André.

ANDRE CALANTZOPOULOS

(SLIDE 4.)

Thank you Nick, and welcome ladies and gentlemen.

We anticipated that 2014 would be a particularly difficult and complex year for PMI and had in fact characterized it as an “investment year.” We aimed to address specific challenges in key markets such as Italy, Japan and the Philippines, while also investing behind a number of strategic initiatives including the pilot launches of *iQOS*, the roll-out of the *Marlboro* 2.0 Architecture and the optimization of our global manufacturing footprint. In addition, we faced an operating environment of continued macro-economic weakness and unprecedented currency headwinds.

Within this context, I am very pleased to announce that we delivered a solid currency-neutral performance in 2014, achieving adjusted diluted EPS growth of 7.8%. This result exceeded the 6.5% to 7.5% guidance that we provided last November, due mainly to better-than-expected performances in the EU and EEMA Regions. In addition, we made very substantial progress in addressing our specific key market challenges and successfully executed on our strategic initiatives.

(SLIDE 5.)

As anticipated, our fourth-quarter results came in below our exceptionally strong performance in the fourth quarter of

2013. In addition to this challenging comparison, the pattern of our expenses and the timing of key investments in 2014 were skewed towards the final quarter.

Our organic cigarette volume declined by 3.8% for the quarter, due to lower total cigarette industry volumes and inventory movements in the Asia and EEMA Regions, partly offset by market share gains in the EU and EEMA Regions. Excluding the adverse impact of inventory movements, volume for the quarter declined by approximately 2%.

Net revenues increased by 1.1%, excluding currency and acquisitions, with favorable pricing across all Regions that more than offset unfavorable volume/mix due principally to the Asia Region. Adjusted OCI declined by 10.6% on the same basis, due mainly to the aforementioned pattern of expenses and timing of investments.

Fourth-quarter adjusted diluted EPS, excluding currency, of $1.31 decreased by 4.4%, compared to a 19.4% increase, on the same basis, in the fourth quarter of 2013.

(SLIDE 6.)

Despite a historically high adverse currency headwind, we enter 2015 with strong business fundamentals and, accordingly, remain optimistic regarding our business prospects going forward. Consequently, this year we are targeting currency-neutral annual growth, excluding acquisitions, of 4% to 6% for net revenues and 6% to 8% for adjusted OCI.

Our reported diluted EPS guidance for 2015, at prevailing exchange rates, is in a range of $4.27 to $4.37, versus $4.76 in 2014, and includes an unfavorable currency impact of approximately $1.15. This guidance represents a growth rate, excluding currency, of approximately 8% to 10%, compared to our adjusted diluted EPS of $5.02 in 2014.

As I will explain later, our 2015 guidance includes incremental spending versus 2014 for the deployment of *iQOS* and does not include any share repurchases.

(SLIDE 7.)

The $1.15 of unfavorable currency, at prevailing exchange rates, included in our 2015 guidance, is driven primarily by the Russian Ruble, the Euro, the Japanese Yen and the Indonesian Rupiah. These four currencies account for approximately 42%, 13%, 11% and 5%, respectively, or over 70% collectively, of the total unfavorable currency variance.

We have currently hedged approximately 60% of our 2015 forecast sales to Japan, which, at prevailing exchange rates, translates to an effective rate of 110 Yen to the U.S. Dollar.

(SLIDE 8.)

Let me now discuss our progress in some of our Regions and key markets, beginning with the marked improvement in the EU Region.

Total cigarette industry volume was down by 2.4% in the fourth quarter, bringing the full-year decline to 3.1%. This represents a significant moderation versus the 7.4% decline in 2013, which we attribute to the subdued performance of the e-vapor category, less out-switching to fine cut products, a reduction in illicit trade in several markets and lower-than-historical average pricing, mainly in Italy.

For 2015, we forecast a decline in cigarette industry volume of approximately 4%.

(SLIDE 9.)

Our 2014 market share performance in the EU Region was impressive, with a gain of 1.0 percentage point to 39.9% in the fourth quarter and 1.0 point to 39.8% for the full year. This result reflects share growth in all six of the Region’s largest markets by cigarette industry volume, most notably in Italy and Poland.

In fact, our share gains in conjunction with the moderating industry volume decline resulted in essentially stable PMI cigarette volume in the EU Region last year. This is a remarkable achievement and, by far, the Region’s best cigarette volume performance since the spin.

(SLIDE 10.)

Marlboro, *L&M* and *Chesterfield* were the primary drivers of our share performance in the EU Region. As of 2014, they represented the top three cigarette industry brands in the Region by volume. For the year, *Marlboro* share grew by 0.3 points to 19.3%, *L&M* by 0.2 points to 7.1% and *Chesterfield* by 1.1 points to 5.5%. The performances of *Marlboro* in France and Spain, *L&M* in Germany, and *Chesterfield* in Italy and Poland were of particular note.

(SLIDE 11.)

For 2015, we expect the EU Region to return to low single-digit adjusted OCI growth, excluding currency and acquisitions. The excise tax environment remains rational. Our leading brand portfolio positions us well for further share gains, driven by the continued roll-out of the *Marlboro* 2.0 Architecture. In addition, pricing is expected to be stronger than in 2014, in part due to recently increased cigarette prices in key markets such as Italy, Poland and Spain.

Let me briefly discuss the U.K. Government's recent announcement that it intends to proceed with the introduction of plain packaging. We believe this decision is ill-advised and is not based on scientific evidence. While we maintain an ongoing dialogue with regulators and hope that reason will ultimately prevail, we are prepared to pursue other alternatives, including litigation, to ensure the protection of our intellectual property.

(SLIDE 12.)

Before closing on the EU Region I would like to touch briefly on Italy, where the long-awaited tax reform was implemented last month. As shown on this slide, it includes a shift to a more specific structure and a higher Minimum Total Tax, both important steps in the right direction. The reform also covered RRPs, with *Marlboro HeatSticks* now subject to a lower excise tax rate compared to cigarettes.

We enter the year with favorable share momentum, driven by the strong performance of *Chesterfield*, and in mid-January we increased our cigarette prices by twenty Euro cents per pack across our portfolio.

(SLIDE 13.)

I will now discuss selected markets from our Asia Region, beginning with Japan.

Our strategy to stabilize market share last year was successful. Key drivers were the launch of our Be *Marlboro* marketing campaign, the introduction of *Marlboro Clear Hybrid* and the strengthening of the *Lark* brand family through morphing and new launches. We plan to maintain our focus on these two key brands in 2015 through a robust innovation pipeline, as highlighted by the recent launch of *Marlboro Fusion Blast*, a menthol cigarette with two different capsules that provide novel taste sensations. And, of course, Japan was the first market to introduce *iQOS*, with its pilot launch in Nagoya last November. We plan to expand nationally in 2015.

Industry volume in Japan declined by 3.4% in 2014, consistent with our projected 3.0% to 3.5% decline range. For 2015, we forecast that the decline will moderate to a range of 2.5% to 3.0%.

(SLIDE 14.)

In Indonesia, industry volume was up by 1.9% in 2014 to 314 billion units. This growth was driven by a 7.5% increase in the machine-made kretek segment, which now accounts for approximately 74% of the total market, partially offset by a 13.1% decline in the hand-rolled kretek segment.

Our market share grew over the course of 2014 and reached 35.3% in the fourth quarter. This sequential improvement was driven by our strong performance in the machine-made kretek segment, due mainly to *Dji Sam Soe Magnum* and the successful launch of *Dji Sam Soe Magnum Blue* in April of 2014. We now hold approximately 30% share of this growing segment, led by our flagship brand *Sampoerna A*.

There has been a significant moderation in the volume decline of our hand-rolled products, as competitive brands have followed *Dji Sam Soe* above the important 1,000 Rupiah per stick price point. As hand-rolled products face a significantly lower excise tax increase in 2015 than machine-made products, this bodes well for the segment, where we are the market leader.

We forecast cigarette industry volume growth in 2015 of up to 2%, although the market will remain sensitive to fuel and commodity prices.

(SLIDE 15.)

While the Philippines continued to be a challenge and a drain on our 2014 income performance, we have recently witnessed significant positive price movements at the lower end of the market. After we raised the recommended stick price of *Jackpot* from 1.25 Pesos to 1.50 Pesos in October, our main competitor increased the recommended stick prices of its brands by 0.25 Pesos in December and further increases have occurred since then. This has reduced the stick price gap to *Marlboro* from 1.75 Pesos in January 2014 to between 1.00 Peso and 1.25 Pesos currently.

We believe that the introduction of tax stamps will further improve the competitive environment in a market where cigarette consumption remained resilient last year at around 100 billion units. These developments augur well for profitability to improve over the mid-term and we remain bullish on the prospects for this market.

(SLIDE 16.)

I will finish my discussion of the Asia Region with a brief update on Korea. The 120% increase in total tobacco excise taxes effective January 1st will be disruptive given its impact on the average retail selling price. To pass the tax on, we increased the retail price per pack for both *Marlboro* and *Parliament* by 1,800 Korean Won, or approximately 67%, to 4,500 Korean Won.

For 2015, we forecast a decline in the underlying cigarette industry volume of approximately 20% to 25%. From an income perspective, however, the tax increase should not have a material impact on our business performance this year, due to a gain from inventories that we were able to build prior to the tax change.

(SLIDE 17.)

Let me now turn to Russia, where we performed exceptionally well in 2014. Market share reached 27.1%, up by one full share point versus prior year. Our share growth was driven by the strong performance of above-premium *Parliament*, mid-price *L&M* and low-price *Bond Street*, which positions us well for further expansion in 2015.

Cigarette industry volume decreased by 9.2% in 2014, in line with our forecast of 9% to 10%. The decline was due primarily to significant excise tax-driven retail price increases, which averaged around 22% for PMI. These price increases helped us boost our unit margins and total profitability in the market, despite a 3.5% lower volume.

For 2015, we forecast a decline in total cigarette industry volume of 8% to 10%, due to excise tax-driven price increases and a deteriorating macro-economic environment.

(SLIDE 18.)

Moving on to our brand portfolio, *Marlboro* was a key driver of our continued global market share momentum in 2014, with growth of 0.3 points in both the EU and EEMA Regions. The brand's performance was particularly strong during the fourth quarter, with share growth in all four Regions, providing positive momentum heading into 2015.

Marlboro's share growth was driven by the successful initial roll-out of Architecture 2.0 in 26 markets, starting in the EU Region, and the expansion of the Be *Marlboro* marketing campaign to additional markets.

(SLIDE 19.)

Beyond *Marlboro*, we are very pleased by the strong 2014 performances of our other key international brands, which demonstrate that our investments behind them are clearly paying off.

Of particular note was the continued robust growth of above-premium *Parliament*, with cigarette volume up by 5.6% versus 2013 and notable share gains in Russia and Turkey.

Chesterfield had an exceptional year, with cigarette volume growth of 22.6%. In addition to its success in the EU Region, which I covered earlier, the brand grew cigarette volume in all other Regions.

L&M was also a success in 2014, with cigarette volume essentially stable or growing in three of our four Regions and notable share gains in Germany, Russia and Ukraine.

(SLIDE 20.)

The unparalleled strength of our brand portfolio provides us with significant pricing power. 2014 was another robust year on this front, with a total pricing variance of $1.9 billion. This is in line with our historical annual average and was driven by the EEMA and Latin America & Canada Regions.

For 2015, we foresee our pricing variance remaining broadly in line with that of last year. Please note that, as of today, we have implemented or announced approximately 70% of the pricing that is included in our 2015 EPS guidance.

(SLIDE 21.)

We continue to focus vigorously on our cost base and in 2014 exceeded our gross productivity and cost savings target of $300 million, with significant savings related to specification rationalization and procurement.

In 2015, we anticipate that our productivity and cost savings programs, combined with savings associated with the manufacturing footprint initiatives implemented in 2014, should result in a total company cost base increase, excluding RRPs and currency, of approximately 1%.

(SLIDE 22.)

Turning now to our RRP portfolio, 2014 opened a groundbreaking new chapter in the history of our company with the commercialization of *iQOS* in Nagoya, Japan, and Milan, Italy. As a reminder, neither pilot launch is being made with any health claims. The marketing focus is on innovation and product benefits, such as no ash and less smell.

Although it is still too early for a comprehensive quantitative assessment, I am very pleased to share with you that both adult smoker and trade response is very positive and that the performance of *iQOS* is in line with, or exceeds, key indicators that we established. We should be in a better position to provide data around the middle of this year.

(SLIDE 23.)

In Nagoya, total *iQOS* device sales are well-ahead of projections and growing steadily every week. Sales of *HeatSticks* are also growing sequentially, but quite naturally do not yet reflect high rates of full conversion. However, as critical mass and product normalization build up over time, we would expect these rates to be in line with our 2013 whole offer test results.

Based on our latest estimates, *iQOS* awareness amongst adult smokers has reached approximately 34% and adult smoker profiles are on target. Furthermore, the *iQOS* flagship store concept is a success, our logistics chain is working well and product defect and return rates are much lower than we had anticipated.

(SLIDE 24.)

In Milan, where the selling channel is limited by design to a subset of the tobacconist universe and consumer communication is severely restricted, *iQOS* device penetration has, as expected, lagged that of Nagoya. However, *HeatSticks* sales reflect a higher full conversion rate, consistent with the characteristics of the market. Based on our latest estimates, *iQOS* awareness amongst adult smokers has reached approximately 16%. Other indicators are in line with Nagoya.

In both markets, *Marlboro HeatSticks* are subject to a lower excise tax rate than cigarettes.

(SLIDE 25.)

Given the positive initial performance of *iQOS*, we are confirming our plans to commence national expansion in Japan and Italy, as well as pilot or national launches in additional markets, later this year. These launches will be supported by a new release of *iQOS* that incorporates feedback from the pilot markets and features a variety of colors and textures to broaden the product's appeal amongst adult smokers.

Our 2015 guidance includes incremental spending versus 2014 for the deployment of *iQOS*, which is skewed towards the second half of the year.

(SLIDE 26.)

We continued to reward our shareholders generously in 2014, despite a significant currency headwind that adversely impacted our free cash flow by $1.6 billion.

Last September, our Board of Directors approved an increase of our dividend by a further 6.4% to $4.00 per share on an annualized basis. This represents an increase of approximately 117% since the spin-off in 2008 and equates to a dividend yield of 5.0% based on last Friday's closing share price.

In 2014, we paid $6.0 billion in total dividends to our shareholders and spent a further $3.8 billion to repurchase 45.2 million shares.

(SLIDE 27.)

We are currently operating in a debt level corridor that is close to the maximum that would still allow us to maintain our single-A credit rating. We remain committed to returning around 100% of our free cash flow to our shareholders and are taking appropriate measures to further reduce our working capital and keep capital expenditures flat despite the expansion of RRPs.

At prevailing exchange rates, the adverse currency impact on our 2015 net earnings would be approximately $1.7 billion, which consequently will impact free cash flow. Furthermore, the currency environment remains extremely volatile. In this context, we are focused on managing our cash flow prudently and maintaining financial flexibility for business development opportunities. Consequently, we do not currently envisage any share repurchases in 2015 and this is reflected in our guidance. However, we will revisit the potential for such purchases as the year unfolds, depending on the currency environment.

(SLIDE 28.)

In conclusion, we enter 2015 with confidence in our business outlook.

We delivered a solid currency-neutral performance in 2014, with adjusted diluted EPS growth above our guidance, and successfully executed on a number of our key strategic initiatives that will generate attractive returns in the years to come. We also made substantial progress in addressing market-specific challenges.

Our business is supported by strong fundamentals and positive momentum. Our leading brand portfolio is driving continued robust pricing and market share gains, while our vigorous focus on our cost base, notably through the optimization of our manufacturing footprint, is enhancing operational efficiency.

These strong fundamentals are enhanced by our investment behind RRPs. We are excited by the prospects for *iQOS* and are pleased by its performance thus far.

For 2015, we are targeting currency-neutral annual growth, excluding acquisitions, of 4% to 6% for net revenues and 6% to 8% for adjusted OCI. We are further targeting growth in adjusted diluted EPS of 8% to 10%, excluding currency. These targets are a clear reflection of the strong confidence that we have in both our business and the outlook for the year, particularly given our incremental spending behind the deployment of *iQOS*.

(SLIDE 29.)

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

NICK ROLLI

That concludes our call today. Thank you for joining us. If you have any follow-up questions, please contact the investor relations team, who are currently in New York. Our next presentation will be at the CAGNY Conference on Wednesday, February 18th.

Thank you again and have a nice day.

Exhibit 99.3

PHILIP MORRIS INTERNATIONAL

2014 Fourth-Quarter and Full-Year Results

February 5, 2015

Introduction

PHILIP MORRIS INTERNATIONAL

- Unless otherwise stated, we will be talking about results for the fourth-quarter and full-year 2014 and comparing them to the same periods in 2013
- A glossary of terms, data tables showing adjustments to net revenues and OCI, for currency and acquisitions, asset impairment, exit and other costs, adjustments to EPS, and reconciliations to U.S. GAAP measures are at the end of today's webcast slides, which are also posted on our web site
- Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes. PMI's RRPs are in various stages of development, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking combustible cigarettes. Before making any such claims, we will need to rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and approval, as is the case in the USA today

Forward-Looking and Cautionary Statements

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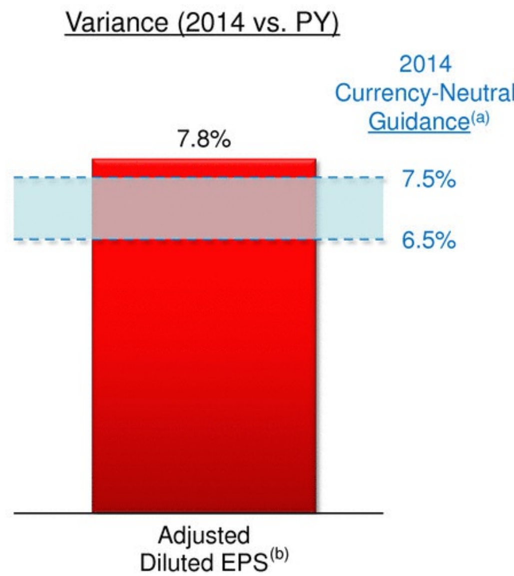
- This presentation and related discussion contain forward-looking statements. Achievement of projected results is subject to risks, uncertainties and inaccurate assumptions, and PMI is identifying important factors that, individually or in the aggregate, could cause actual results to differ materially from those contained in any forward-looking statements made by PMI
- PMI's business risks include: significant increases in cigarette-related taxes; the imposition of discriminatory excise tax structures; fluctuations in customer inventory levels due to increases in product taxes and prices; increasing marketing and regulatory restrictions, often with the goal of reducing or preventing the use of tobacco products; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; litigation related to tobacco use; intense competition; the effects of global and individual country economic, regulatory and political developments; changes in adult smoker behavior; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations; adverse changes in applicable corporate tax laws; adverse changes in the cost and quality of tobacco and other agricultural products and raw materials; and the integrity of its information systems. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to produce products that have the potential to reduce exposure to harmful constituents in smoke, individual risk and population harm; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; or if it is unable to attract and retain the best global talent
- 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, 2014. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations

2014 Results: Exceeded Our Guidance in an Investment Year

- Substantial progress in addressing specific challenges in key markets
- Successfully invested behind a number of strategic initiatives:
  - Pilot launches of *iQOS*
  - Roll-out of *Marlboro* 2.0 Architecture
  - Optimization of our manufacturing footprint
- Delivered a solid currency-neutral performance despite a difficult operating environment



(a) As provided in November 2014
(b) Excluding currency
Source: PMI Financials

Q4, 2014: Challenging Quarter as Anticipated

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- Results below our exceptionally strong performance in Q4, 2013:
  - Pattern of expenses and timing of key investments skewed towards Q4, 2014
- Organic cigarette volume declined by 3.8%
- Net revenues increased by 1.1%, excluding currency and acquisitions, driven by favorable pricing that more than offset unfavorable volume/mix
- Adjusted OCI declined by 10.6%, excluding currency and acquisitions, due mainly to the impact of the pattern of expenses and the timing of investments
- Adjusted diluted EPS, excluding currency, of $1.31 decreased by 4.4%, versus a 19.4% increase in Q4, 2013

Source: PMI Financials

2015 EPS Guidance

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- Strong business fundamentals driving confidence in our 2015 currency-neutral annual growth targets:
  - 4% to 6% in net revenues[(a)]
  - 6% to 8% in adjusted OCI[(a)]
- Reported diluted EPS guidance for 2015 is $4.27 to $4.37 at prevailing exchange rates, compared to $4.76 in 2014:
  - Includes approximately $1.15 of unfavorable currency at prevailing exchange rates
  - Includes incremental spending versus 2014 for the deployment of *iQOS*
  - Does not include any share repurchases for the year
- Excluding currency, our guidance represents a growth rate of approximately 8% to 10% in adjusted diluted EPS, compared to $5.02 in 2014

(a) Also excluding acquisitions
Source: PMI Financials and PMI forecasts

Impact of Currency on 2015 EPS Guidance

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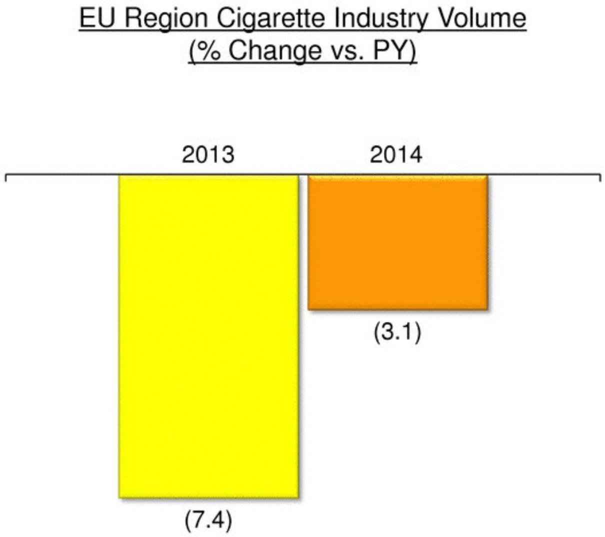
- $1.15 of unfavorable currency in our 2015 guidance, at prevailing exchange rates, is due primarily to:
  - Russian Ruble: 42%
  - Euro: 13%
  - Japanese Yen: 11%
  - Indonesian Rupiah: 5%

  Over 70%
- We have currently hedged approximately 60% of our 2015 forecast sales to Japan, which, at prevailing exchange rates, translates to an effective rate of 110 Yen to the U.S. Dollar

Source: PMI forecasts and PMI Financials

EU Region: Moderation in Cigarette Industry Volume Decline



- Subdued performance of the e-vapor category
- Less out-switching to fine cut products
- Reduction in illicit trade in several markets
- Lower-than-historical average pricing, mainly in Italy
- Forecast a decline of approximately 4% in cigarette industry volume in 2015

Source: PMI estimates and PMI forecasts

EU Region: Strong Share Growth Momentum

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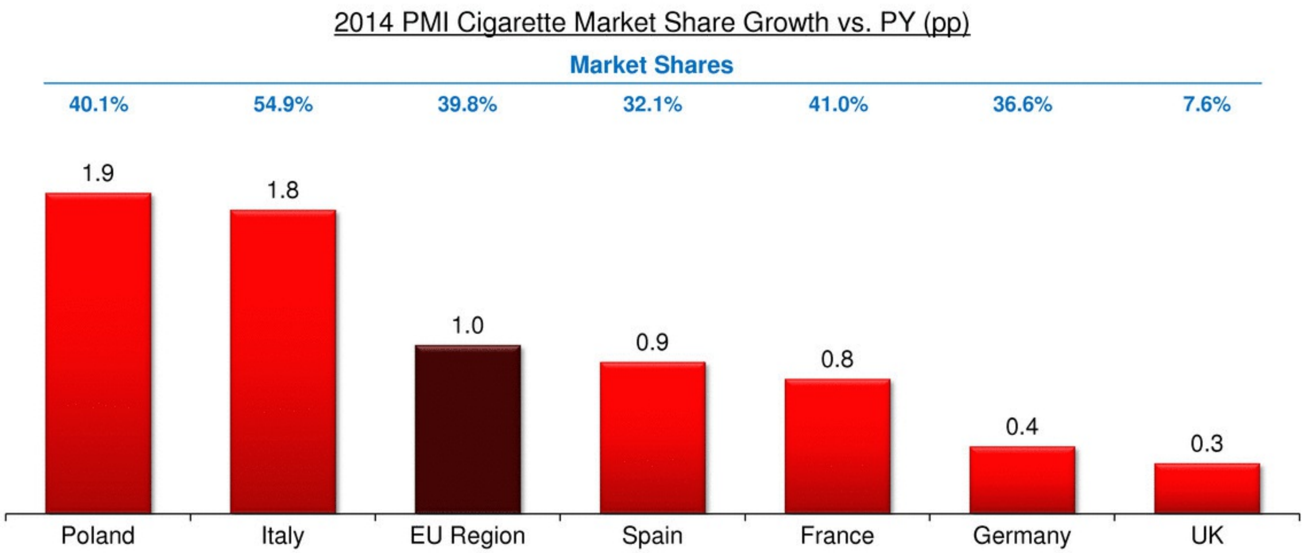
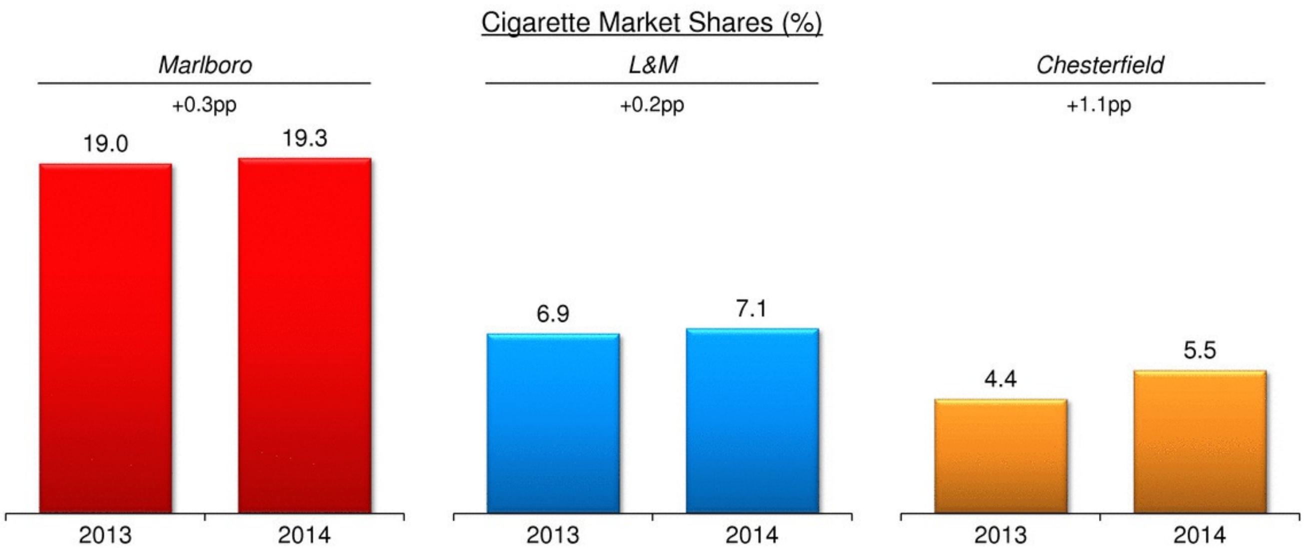


Source: PMI estimates

EU Region: Strong Share Growth Momentum



Source: PMI estimates

EU Region: Target Return to Profit Growth in 2015

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- Target low single-digit adjusted OCI growth target, excluding currency and acquisitions, in 2015
- Rational excise tax environment
- Leading brand portfolio
- Recent cigarette price increases in key markets such as Italy, Poland and Spain

Source: PMI forecasts

Italy: Improved Excise Tax Structure

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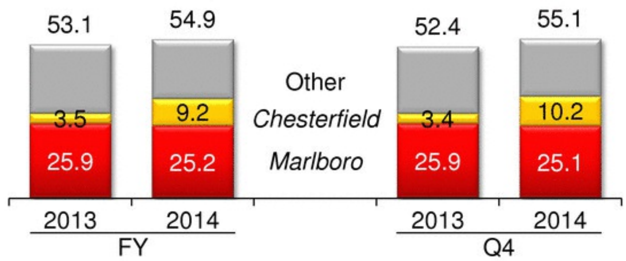
- New excise tax structure for cigarettes and RRPs effective as of January 2015
- PMI cigarette market share grew by 1.8 points to 54.9% in 2014
- In January, we increased cigarette prices by EUR 0.20/pack across our portfolio

Excise Tax Structure (Cigarettes)

	2014	2015
Ad-Valorem Excise Tax (% of RSP)	52.51%	51.03%
Specific Excise Tax (EUR/000)	13.10	17.34
Minimum Excise Tax (EUR/000)	126.80	-
Minimum Total Tax (EUR/000)	-	170.00

PMI Cigarette Market Share (%)

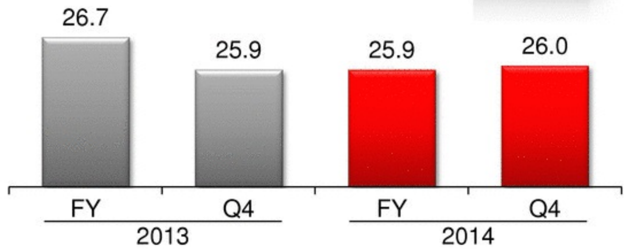


Note: Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes
Source: PMI estimates

Japan: Market Share Successfully Stabilized

- Market share stabilized at 25.9% in 2014, driven by:
  - Be *Marlboro* marketing campaign
  - Launch of *Marlboro Clear Hybrid*
  - Strengthening of the *Lark* brand family
- Robust innovation pipeline. Launched *Marlboro Fusion Blast* in December
- Cigarette industry volume declined by 3.4% in 2014
- Forecast 2015 cigarette industry volume decline of 2.5% to 3.0%

PMI Market Share (%)

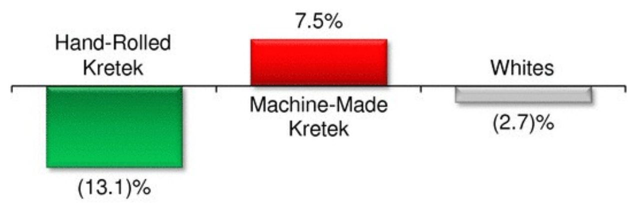


Note: Translation from Japanese: "Crush the Conventions of Menthol! *Marlboro Fusion Blast.* Exotic Fresh. World First Taste"
Source: Tobacco Institute of Japan and PMI forecasts

Indonesia: Sequential Share Growth in 2014

- Cigarette industry volume grew by 1.9% in 2014 to 314 billion units
- Sequential share improvement driven by our continued strong performance in the rapidly-growing machine-made kretek segment
- Forecast cigarette industry volume growth in 2015 of up to 2%

Industry Segment Volume Variance (2014 vs. PY)



PMI Market Share (%)

Note: Whites stands for non-kretek cigarettes
Source: PMI estimates and PMI forecasts

Philippines: Higher Prices and Resilient Consumption

Note: Stick price points represent recommended retail selling price or estimates. Pack designs are for illustrative purposes only
Source: PMI estimates

Korea: Disruptive 2015 Excise Tax Increase

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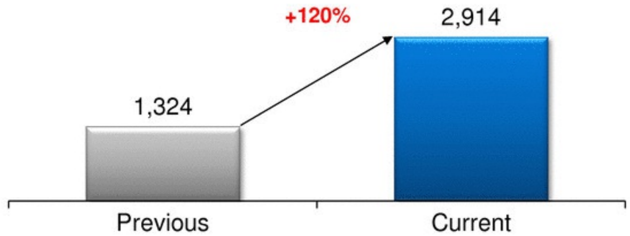
- Total excise tax increase of 120% as of January 1, 2015
- Increased prices of *Marlboro* and *Parliament* by KRW 1,800/pack, or approximately 67%
- Forecast 2015 underlying cigarette industry volume decline of approximately 20% to 25%

Total Excise Tax Increase (KRW/pack)



Retail Selling Prices (KRW/pack)

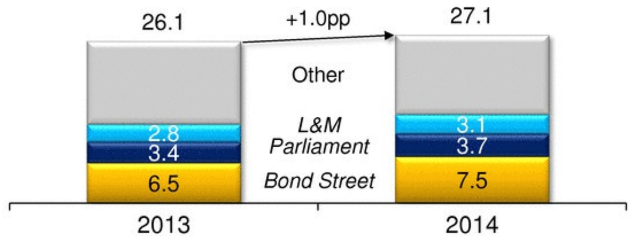
	Previous	Current	Variance
Marlboro	2,700	4,500	1,800
Parliament	2,700	4,500	1,800

Note: 20 cigarettes per pack
Source: PMI forecasts

Russia: Exceptional Performance in 2014

- Share up by 1.0 point to 27.1% in 2014:
  - Strong performances of *Parliament*, *L&M* and *Bond Street*
- Cigarette industry volume decreased by 9.2% in 2014
- Increased retail prices drove higher unit margins and profitability in 2014
- Forecast 2015 cigarette industry volume decline of 8% to 10%

PMI Market Share (%)

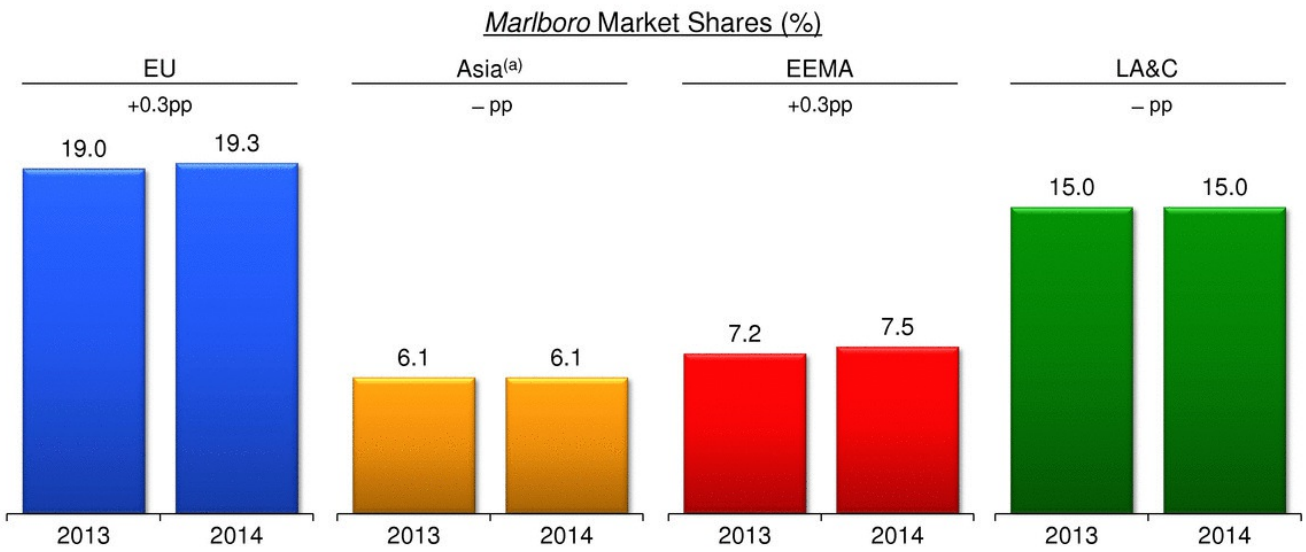


Excise Tax Plan (2015-2017)

	2014	2015	2016	2017
Ad-Valorem Excise Tax (% of MRSP)	8.5%	11.0%	12.0%	13.0%
Specific Excise Tax (RUB/000)	800	960	1,250	1,420
% Change to Specific Excise Tax	45.5%	20.0%	30.2%	13.6%
Minimum Excise Tax (RUB/000)	1,040	1,330	1,680	1,930

Note: MRSP stands for Maximum Retail Selling Price
Source: Nielsen, PMI estimates, PMI Financials and PMI forecasts

Marlboro: Regional Market Share Momentum



(a) Excluding China
Source: PMI estimates

Strong Performance of *Parliament*, *Chesterfield* and *L&M* in 2014

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- *Parliament* cigarette volume grew by 5.6% to 47.2 billion units

- *Chesterfield* cigarette volume grew by 22.6% to 42.1 billion units

- *L&M* cigarette volume essentially stable or growing in Asia, EU and LA&C Regions

Note: Excluding China. Translation from Polish: "Now in Multiple Formats". Translation form German: "Foreign & Friends"
Source: PMI Financials

Robust Pricing In Line With Historical Annual Average

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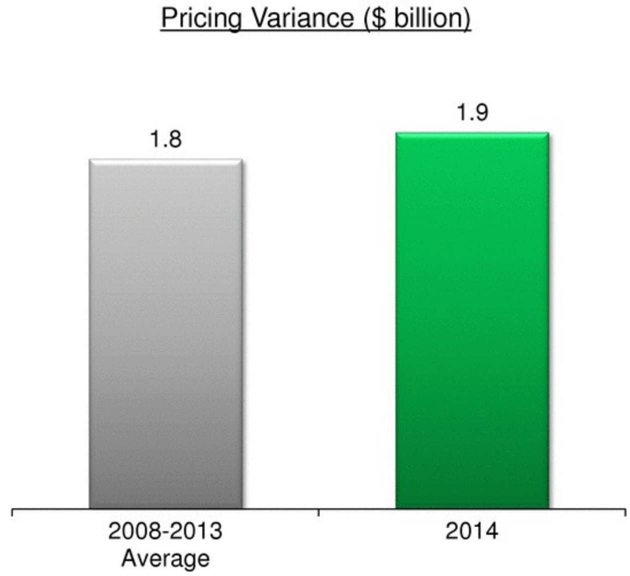
- Pricing variance of $1.9 billion in 2014, in line with our historical annual average, driven by the EEMA and Latin America & Canada Regions
- We have implemented or announced approximately 70% of the pricing included in our 2015 EPS guidance



Source: PMI Financials and PMI forecasts

Productivity and Cost Savings Programs

- In 2014, we exceeded our $300 million annual gross productivity and cost savings target
- In 2015, we expect the total company cost base to grow by approximately 1%, excluding RRPs and currency, thanks to our ongoing productivity and cost savings programs and the manufacturing footprint initiatives implemented last year

Note: Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes
Source: PMI Financials and PMI forecasts

RRPs: Promising Initial Performance of *iQOS*

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- Introduced in November 2014 in Nagoya, Japan, and Milan, Italy
- Both adult smoker and trade responses are very positive
- Performance is in line with, or exceeds, key indicators that we established

Note: Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes.
Translation from Japanese: "No Ash, Less Smell, Real Tobacco Enjoyment. *iQOS* – The Advanced Tobacco Heating Technology"
Source: PMI estimates and PMI Market Research

RRPs: *iQOS* Pilot Launch in Japan

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- Total *iQOS* device sales are well-ahead of projections and growing steadily every week
- Awareness currently estimated at approximately 34% amongst adult smokers
- Adult smoker profiles are on target

iQOS Kit	*Marlboro HeatSticks*
JPY 6,980	JPY 460/pack

Note: Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes. Visuals are for illustrative purposes only. 20 *HeatStick* tobacco sticks per pack
Source: PMI estimates (awareness based on our latest estimates) and PMI Market Research

RRPs: *iQOS* Pilot Launch in Italy

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- As expected, *iQOS* device penetration slower due to a limited selling channel and marketing restrictions
- Awareness currently estimated at approximately 16% amongst adult smokers

iQOS Kit	*Marlboro HeatSticks*
EUR 70	EUR 5/pack

Note: Reduced-Risk Products ("RRPs") is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes.
Visuals are for illustrative purposes only. 20 *HeatStick* tobacco sticks per pack
Source: PMI estimates (penetration and awareness based on our latest estimates) and PMI Market Research

RRPs: 2015 Outlook for *iQOS*

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- Commencing national expansion in Japan and Italy, as well as pilot or national launches in other markets, later this year
- Launches will be supported by a new release of *iQOS* that incorporates feedback from the pilot markets and features a variety of colors and textures to broaden the product's appeal amongst adult smokers
- Our 2015 guidance includes incremental spending versus 2014 for the deployment of *iQOS*, which is skewed towards the second half of the year

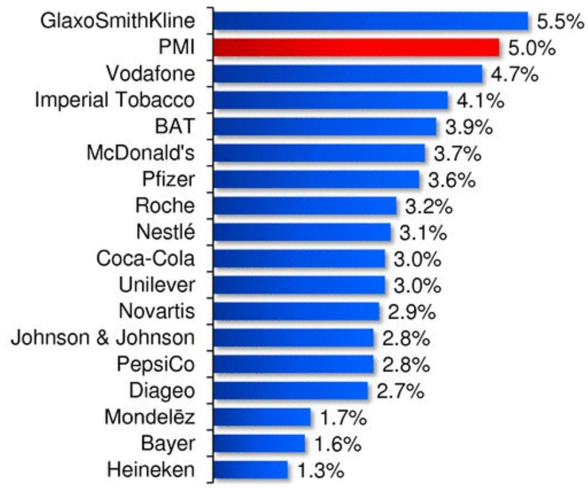
Source: PMI forecasts

We Continued to Generously Reward Our Shareholders in 2014

PHILIP MORRIS INTERNATIONAL

- Increased our dividend by 6.4% last September to $4.00 per share on an annualized basis:
  - Represents total increase since 2008 of approximately 117%
  - Equates to dividend yield of 5.0% as of last Friday's closing share price
- Paid $6.0 billion in total dividends
- Spent $3.8 billion to repurchase 45.2 million shares

Dividend Yield:
Compensation Survey Group
(January 30, 2015)



Note: 2008 annualized rate was $1.84 and based on a quarterly dividend of $0.46 per common share, declared June 18, 2008. Dividend yield represents the annualized dividend on January 30, 2015 over the closing share price on that date. The share price for PMI was $80.24 as of January 30, 2015. The annualized dividend was $4.00
Source: PMI Financials and FactSet, compiled by Centerview

Rewarding Our Shareholders: 2015 Target

PHILIP MORRIS INTERNATIONAL

- Currently operating in a debt level corridor that is close to the maximum that would still allow us to maintain our single-A credit rating
- Aim to return around 100% of our free cash flow to our shareholders
- Remain committed to managing our cash flow prudently and maintaining our financial flexibility
- While we do not currently envisage any share repurchases in 2015, we will revisit the potential for such purchases as the year unfolds, depending on the currency environment

Source: PMI forecasts

Conclusion: Confidence in Business Outlook Entering 2015

PHILIP MORRIS INTERNATIONAL

- Delivered a solid currency-neutral performance in 2014
- Strong fundamentals and positive momentum, despite significant currency headwind
- Leading brand portfolio driving robust pricing and market share gains
- Excited by prospects for *iQOS*, following pilot launches in late-2014
- Confident in our ability to meet currency-neutral annual growth targets:
  - Net revenues: 4% to 6%[(a)]
  - Adjusted OCI: 6% to 8%[(a)]
  - Adjusted diluted EPS: 8% to 10%

(a) Also excluding acquisitions
Source: PMI Financials, PMI estimates and PMI forecasts

PHILIP MORRIS INTERNATIONAL

2014 Fourth-Quarter and Full-Year Results

Questions & Answers

PHILIP MORRIS INTERNATIONAL

Glossary and Reconciliation of Non-GAAP Measures

Glossary: General Terms

PHILIP MORRIS INTERNATIONAL

- PMI stands for Philip Morris International Inc. and its subsidiaries
- Until March 28, 2008, PMI was a wholly owned subsidiary of Altria Group, Inc. ("Altria"). Since that time the company has been independent and is listed on the New York Stock Exchange (ticker symbol "PM")
- PMI volumes refer to PMI cigarette shipment data, unless otherwise stated
- Organic volume refers to volume excluding acquisitions
- References to total international cigarette market, total cigarette market, total market and market shares reflect our best estimates based on a number of internal and external sources
- Trademarks are italicized

Glossary: Financial Terms

PHILIP MORRIS INTERNATIONAL

- Net revenues exclude excise taxes
- Adjusted OCI is defined as reported OCI adjusted for asset impairment, exit and other costs
- EPS stands for Earnings per Share
- Free cash flow is defined as net cash provided by operating activities less capital expenditures
- Operating Companies Income, or "OCI", is defined as operating income, excluding general corporate expenses and the amortization of intangibles, plus equity (income) or loss in unconsolidated subsidiaries, net. OCI growth rates are on an adjusted basis, which excludes asset impairment, exit and other costs

Glossary: Industry/Market Terms

PHILIP MORRIS INTERNATIONAL

- EEMA refers to the Eastern Europe, Middle East & Africa Region
- EU refers to the European Union Region
- LA&C refers to the Latin America & Canada Region
- Fine cut includes Make-Your-Own (MYO), MYO volume tobacco and Roll-Your-Own (RYO)
- Illicit trade refers to domestic non-tax paid products

Glossary: Reduced-Risk Products

PHILIP MORRIS INTERNATIONAL

- E-vapor products are products that generate nicotine containing aerosols without combustion
- *HeatStick* tobacco sticks are novel patented tobacco products specifically designed by PMI for use with PMI's *iQOS* system. The tobacco in the *HeatStick* is heated by our *iQOS* technology to provide adult smokers with real tobacco taste and satisfaction without combustion
- *iQOS* is the new brand name under which PMI has chosen to commercialize the Platform 1 electronic system
- Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes. PMI's RRPs are in various stages of development, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking combustible cigarettes. Before making any such claims, we will need to rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and approval, as is the case in the USA today

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)

	2014	2013	% Change
Reported Diluted EPS	**$ 4.76**	**$ 5.26**	**(9.5)%**
Adjustments:			
Asset impairment and exit costs	0.26	0.12	
Tax items	-	0.02	
Adjusted Diluted EPS	**$ 5.02**	**$ 5.40**	**(7.0)%**
Less:			
Currency impact	(0.80)		
Adjusted Diluted EPS, excluding Currency	**$ 5.82**	**$ 5.40**	**7.8%**

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)

	2014	2013	% Change
Reported Diluted EPS	**$ 4.76**	**$ 5.26**	**(9.5)%**
Less:			
Currency impact	(0.80)		
Reported Diluted EPS, excluding Currency	**$ 5.56**	**$ 5.26**	**5.7%**

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)

2014								2013			% 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
$ 6,833	$ 4,757	$ 2,076	$ (121)	$ 2,197	$ 6	$ 2,191	European Union	$ 7,048	$ 4,909	$ 2,139	(2.9)%	2.7%	2.4%
5,581	3,385	2,196	(284)	2,480	1	2,479	EEMA	5,349	3,092	2,257	(2.7)%	9.9%	9.8%
4,740	2,737	2,003	(161)	2,164	-	2,164	Asia	5,211	2,735	2,476	(19.1)%	(12.6)%	(12.6)%
2,787	1,865	922	(115)	1,037	-	1,037	Latin America & Canada	2,782	1,865	917	0.5%	13.1%	13.1%
$ 19,941	**$ 12,744**	**$ 7,197**	**$ (681)**	**$ 7,878**	**$ 7**	**$ 7,871**	**PMI Total**	**$ 20,390**	**$ 12,601**	**$ 7,789**	**(7.6)%**	**1.1%**	**1.1%**

2014						2013	% 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
$ 852	$ (80)	$ 932	$ (1)	$ 933	European Union	$ 1,011	(15.7)%	(7.8)%	(7.7)%
903	(243)	1,146	(8)	1,154	EEMA	811	11.3%	41.3%	42.3%
573	(112)	685	-	685	Asia	1,055	(45.7)%	(35.1)%	(35.1)%
296	(59)	355	(1)	356	Latin America & Canada	358	(17.3)%	(0.8)%	(0.6)%
$ 2,624	**$ (494)**	**$ 3,118**	**$ (10)**	**$ 3,128**	**PMI Total**	**$ 3,235**	**(18.9)%**	**(3.6)%**	**(3.3)%**

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

2014								2013			% 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
$ 852	$ (18)	$ 870	$ (80)	$ 950	$ (1)	$ 951	European Union	$ 1,011	$ (13)	$ 1,024	(15.0)%	(7.2)%	(7.1)%
903	(2)	905	(243)	1,148	(8)	1,156	EEMA	811	(264)	1,075	(15.8)%	6.8%	7.5%
573	(11)	584	(112)	696	-	696	Asia	1,055	(19)	1,074	(45.6)%	(35.2)%	(35.2)%
296	(1)	297	(59)	356	(1)	357	Latin America & Canada	358	(5)	363	(18.2)%	(1.9)%	(1.7)%
$ 2,624	**$ (32)**	**$ 2,656**	**$ (494)**	**$ 3,150**	**$ (10)**	**$ 3,160**	**PMI Total**	**$ 3,235**	**$ (301)**	**$ 3,536**	**(24.9)%**	**(10.9)%**	**(10.6)%**

2014							2013			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency[(a)]	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions[(a)]	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions		Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes[(a)]	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
$ 950	$ 2,197	43.2%	$ 951	$ 2,191	43.4%	European Union	$ 1,024	$ 2,139	47.9%	(4.7)	(4.5)
1,148	2,480	46.3%	1,156	2,479	46.6%	EEMA	1,075	2,257	47.6%	(1.3)	(1.0)
696	2,164	32.2%	696	2,164	32.2%	Asia	1,074	2,476	43.4%	(11.2)	(11.2)
356	1,037	34.3%	357	1,037	34.4%	Latin America & Canada	363	917	39.6%	(5.3)	(5.2)
$ 3,150	**$ 7,878**	**40.0%**	**$ 3,160**	**$ 7,871**	**40.1%**	**PMI Total**	**$ 3,536**	**$ 7,789**	**45.4%**	**(5.4)**	**(5.3)**

(a) 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)

	2014	2013	% Change
Reported Diluted EPS	**$ 1.03**	**$ 1.24**	**(16.9)%**
Adjustments:			
Asset impairment and exit costs	-	0.12	
Tax items	-	0.01	
Adjusted Diluted EPS	**$ 1.03**	**$ 1.37**	**(24.8)%**
Less:			
Currency impact	(0.28)		
Adjusted Diluted EPS, excluding Currency	**$ 1.31**	**$ 1.37**	**(4.4)%**

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)

	2014	2013	% Change
Reported Diluted EPS	$ 1.03	$ 1.24	(16.9)%
Less:			
Currency impact	(0.28)		
Reported Diluted EPS, excluding Currency	$ 1.31	$ 1.24	5.6%

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)

	2013		2012		% Change
Reported Diluted EPS	**$**	**1.24**	**$**	**1.25**	**(0.8)%**
Adjustments:					
Asset impairment and exit costs		0.12		0.01	
Tax items		0.01		(0.02)	
Adjusted Diluted EPS	**$**	**1.37**	**$**	**1.24**	**10.5%**
Less:					
Currency impact		(0.11)			
Adjusted Diluted EPS, excluding Currency	**$**	**1.48**	**$**	**1.24**	**19.4%**

PHILIP MORRIS INTERNATIONAL

2014 Fourth-Quarter and Full-Year Results

February 5, 2015