

The Merriam Report PM 3/31/10 PHILIP MORRIS INTERNATIONAL INC.

All amounts in millions except for earnings per share

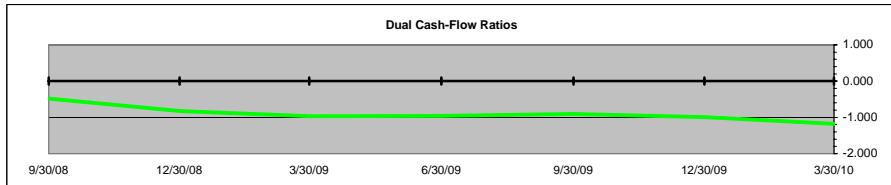
Quarterly period ending:	3	4	1	2	3	4	1	Averages
	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	\$ 0.840
Earnings Per Share (Incl. Ext. Items)	\$ 1.010	\$ 0.710	\$ 0.740	\$ 0.790	\$ 0.93000	\$ 0.800	\$ 0.900	\$ 0.840
% Change in E.P.S. (from prev. qtr.)		-29.7%	4.2%	6.8%	17.7%	-14.0%	12.5%	-0.4%
Total Revenues	1736500.0	1521800.0	1328600.0	1521300.0	1657300.0	1700800.0	1558700.0	1575000.0
% Change in Revenues (from prev. qtr.)		-12.4%	-12.7%	14.5%	8.9%	2.6%	-8.4%	-1.2%
Cost of Revenues	248100.0	220400.0	197100.0	218500.0	232000.0	254600.0	237200.0	1978014.3
Accounts Receivable:	297500.0	284800.0	260200.0	317100.0	304800.0	309800.0	318600.0	298971.4
% Change in Receivables (from prev. qtr.)		-4.3%	-8.6%	21.9%	-3.9%	1.6%	2.8%	1.6%
DSO's (# of days it took customers to pay)	15.6	17.0	17.8	19.0	16.7	16.6	18.6	17.3
Inventories:	885500.0	966400.0	782400.0	822900.0	887700.0	920700.0	827900.0	870500.0
% Change in Inventory (from prev. qtr.)		9.1%	-19.0%	5.2%	7.9%	3.7%	-10.1%	-0.5%
Inventory as a % of Sales	51.0%	63.5%	58.9%	54.1%	53.6%	54.1%	53.1%	55.47%
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other Current Assets:	41600.0	57400.0	56500.0	44500.0	47700.0	53200.0	48300.0	49885.7
Property, Plant & Equip. (net):	669600.0	634800.0	575200.0	612100.0	635800.0	639000.0	653000.0	631357.1
% Change in P,P& E (from prev. qtr.)		-5.2%	-9.4%	6.4%	3.9%	0.5%	2.2%	-0.3%
Accounts Payable:	123700.0	101300.0	76500.0	77400.0	104000.0	67000.0	95600.0	92214.3
% Change in Payables (from prev. qtr.)		-18.1%	-24.5%	1.2%	34.4%	-35.6%	42.7%	0.0%
Quarterly period ending:	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	
Total Liabilities:	2367300.0	2547200.0	2483800.0	2675000.0	2736500.0	2883600.0	2929700.0	2660442.9
Shareholder equity:	1163200.0	750000.0	590600.0	637700.0	634000.0	571600.0	487600.0	690671.4
Retained Earnings (Accum. Deficit)	1300700.0	1335400.0	1375800.0	1425100.0	1493600.0	1535800.0	1597700.0	1437728.6
Operating Cash Flow (OCF)	1531944.5	1283739.9	1201664.2	1221256.5	1228247.7	1196044.0	1087751.9	1250092.7
OCF as % of Revenues	88.2%	84.4%	90.4%	80.3%	74.1%	70.3%	69.8%	79.65%
Balance Sheet Cash Flow (BSCF)	2367253.7	2547155.7	2483760.7	2674956.1	2736454.4	2883557.0	2929653.8	2660398.8
BSCF as % of Revenues	136.3%	167.4%	186.9%	175.8%	165.1%	169.5%	188.0%	169.87%
Spread between OCF & BSCF	-835309.2	-1263415.8	-1282096.4	-1453699.6	-1508206.7	-1687513.0	-1841901.8	-1410306.1
Ratios								
Spread to Revenues	-48.10%	-83.02%	-96.50%	-95.56%	-91.00%	-99.22%	-118.17%	-0.902
Spread to OCF								-30.97%
MR Dual Cash-Flow Figure	-0.481	-0.830	-0.965	-0.956	-0.910	-0.992	-1.182	

The Merriam Report

Quarterly period ending:	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10
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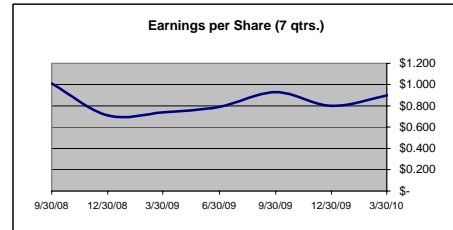
Merriam Report Signals:

- Recent Bearish
- Confirmed Bearish
- Recent Bullish
- Confirmed Bullish



MR Dual Cash-Flow Figure (avg.)

	09/30/08	12/31/08	03/31/09	06/30/09	09/30/09	12/31/09	03/31/10
P/E	0	13.11	10.88	13.42	15.42	14.83	15.3
P/S	0	1.39	1.13	1.4	1.56	1.48	1.53
P/FCF	-52.0533	50.3996	19.2481	37.8213	44.9788	32.2595	29.2439
PEG	0	0.8329	0	0	0	-7.0114	3.5618



Accrual Ratios

	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10
Average Accruals	5.75%	3.01%	0.90%	-4.05%	1.13%	1.30%	-0.34%

Revenue Metrics (as % of Sales)

	Recent Qtr.
Research & Development	0.00%
Cost of Sales	15.22%
S/G/A	8.91%
Payables	6.13%

Combined Avg.

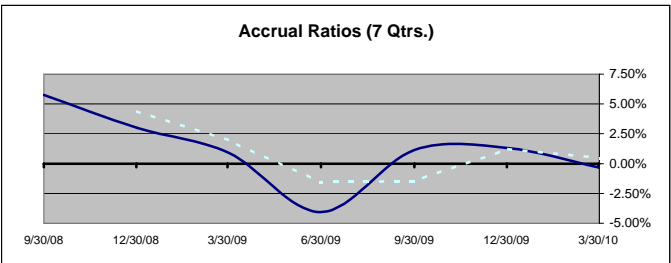
Research & Development	0.00%
Cost of Sales	14.58%
S/G/A	9.52%
Payables	5.85%

Capital Productivity

	Recent Qtr.
Inventory / Revenues	\$ 0.531
Receivables / Revenues	\$ 0.204
Inventory & Receivables / Revenues	\$ 0.736
P,P&E / Revenues	\$ 0.419

Combined Avg.

Inventory / Revenues	\$ 0.553
Receivables / Revenues	\$ 0.190
Inventory & Receivables / Revenues	\$ 0.743
P,P&E / Revenues	\$ 0.401



Accrual Ratios: According to the MR model, a ratio of -5 or less is very bullish and a ratio of +5 or more is very bearish.

-0.63% 0.61%

Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bearish

Operating Cash-Flow Trend
Balance Sheet Cash-Flow Trend

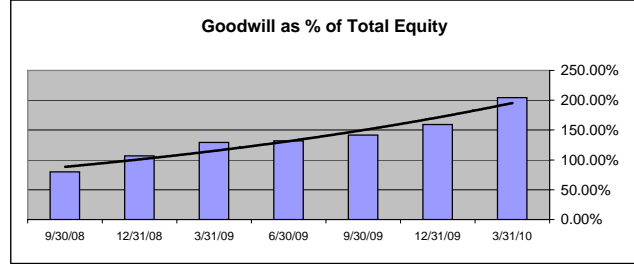
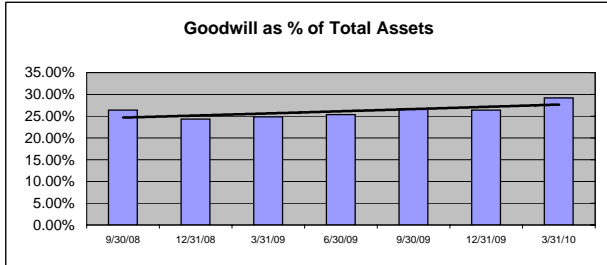
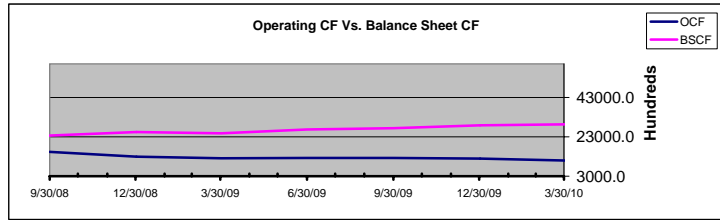
Slight Decline
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OCF
BSCF

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Comparison of Recent Quarter Changes to Average

EPS	Bearish	Red
Revenues	Bullish	Green
Accounts Receivable	Bearish	Red
Days Sales Outstanding	Bullish	Green
Inventory	Bearish	Red
Accounts Payable	Bullish	Green
Accrual Ratios	Neutral	Blue



Dual Cash Flow Trend	-2
Financial Ratios (conventional)	-1
Balance Sheet and Income Statement	-6
Accrual Ratios	0.15
Revenue Metrics and Capital Productivity	-1
Goodwill Trends	-1
Merriam Report Score	-10.85

PHILIP MORRIS INTERNATIONAL INC.
Ending Period Share Price 52.16
Estimated Fair Value \$ 46.99
End Price to Est. FV 11.00%

\$ (5.17) \$ 46.99
 11.00%