

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

All amounts in millions except for earnings per share

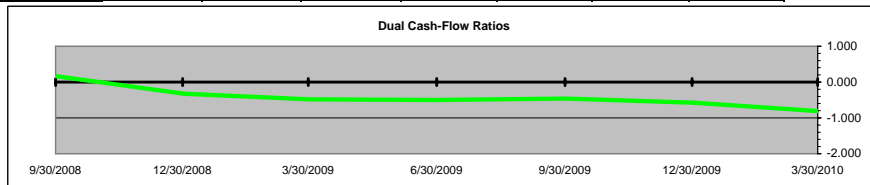
Quarterly period ending:	3	4	1	2	3	4	1	Averages
Quarterly period ending:	9/30/2008	12/31/2008	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	Averages
Earnings Per Share (Incl. Ext. Items)	\$ 1.010	\$ 0.710	\$ 0.740	\$ 0.790	\$ 0.93000	\$ 0.800	\$ 0.900	\$ 0.840
% Change in E.P.S. (from prev. qtr.)		-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	2204000.0	1971000.0	2185000.0	2320000.0	2546000.0	2372000.0	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:	9/30/2008	12/31/2008	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	
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	0.647	0.504	0.484	0.457	0.449	0.415	0.371	0.475
MR Dual Cash-Flow Figure	0.166	-0.326	-0.481	-0.499	-0.461	-0.577	-0.810	-0.427

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
MR Dual Cash-Flow Figure	0.166	-0.326	-0.481	-0.499	-0.461	-0.577	-0.810

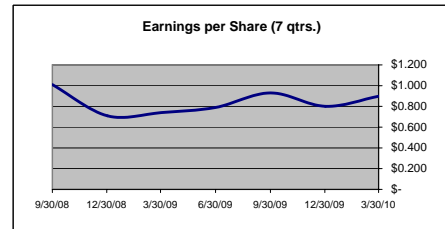
Merriam Report Signals:

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



MR Dual Cash-Flow Figure (avg.)

-0.427



	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	-1 13.83
P/S	0	1.39	1.13	1.4	1.56	1.48	1.53	-1 1.415
P/FCF	-52.0533	50.3996	19.2481	37.8213	44.9788	32.2595	29.2439	-1 23.13
PEG	0	0.8329	0	0	0	-7.0114	3.5618	1 -2.617
Earnings Yield	0	0.0763	0.0919	0.0745	0.0648	0.0674	0.0654	-1 0.073
Cash to Total Asse	0.0794	0.0464	0.0768	0.0785	0.0475	0.0446	0.0249	-1 0.053
Debt-to-Assets	0.2636	0.3514	0.4337	0.4128	0.4135	0.3981	0.4378	-1 0.387

Accrual Ratios

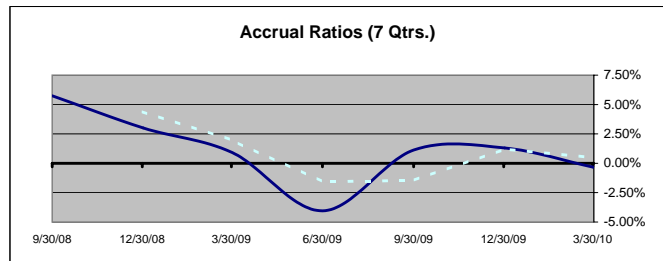
	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	
Average Accruals	5.75%	3.01%	0.90%	-4.05%	1.13%	1.30%	-0.34%	0.15

Revenue Metrics (as % of Sales)

	Recent Qtr.	Combined Avg.
Research & Development	0.00%	0.00%
Cost of Sales	15.22%	14.58%
S/G/A	8.91%	9.52%
Payables	6.13%	5.85%

Capital Productivity

	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.531	\$ 0.553
Receivables / Revenues	\$ 0.204	\$ 0.190
Inventory & Receivables / Revenues	\$ 0.736	\$ 0.743
P,P&E / Revenues	\$ 0.419	\$ 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

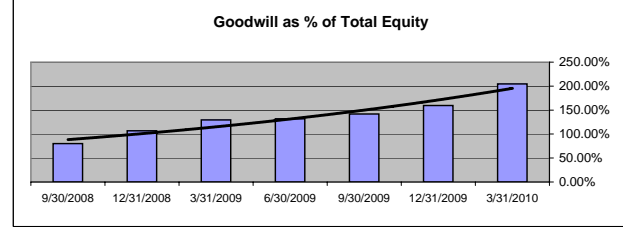
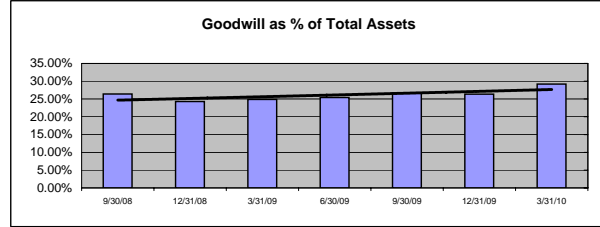
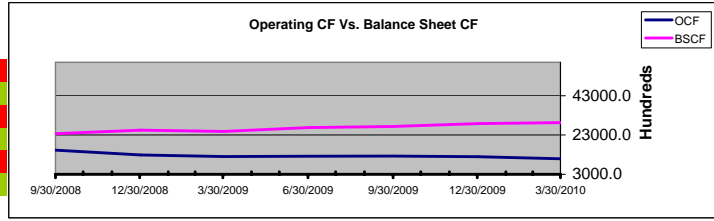
Operating Cash-Flow Trend
Balance Sheet Cash-Flow Trend

Slight Decline
Slight Decline

	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10
OCF	1531944.5	1283739.9	1201664.2	1221256.5	1228247.7	1196044.0	1087751.9
BSCF	2367253.7	2547155.7	2483760.7	2674956.1	2736454.4	2883557.0	2929653.8

Comparison of Recent Quarter Changes to Average

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



	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	AVG.	
Goodwill as % of Total Assets	26.39%	24.31%	24.87%	25.40%	26.68%	26.37%	29.19%	26.17%	-1
Goodwill as % of Total Equity	80.11%	106.87%	129.46%	131.94%	141.83%	159.41%	204.55%	136.31%	-1
	3.04	4.40	5.21	5.19	5.32	6.04	7.01	5.21	-1

Dual Cash Flow Trend	-2
Financial Ratios (conventional)	-5
Balance Sheet and Income Statement	-6
Accrual Ratios	0.15
Revenue Metrics and Capital Productivity	-1
Goodwill Trends	-3
Merriam Report Score	-16.85

PHILIP MORRIS INTERNATIONAL INC.
Ending Period Share Price **52.16**
Estimated Fair Value **\$ 47.63**
End Price to Est. FV **9.51%**

\$ (4.53) \$ 47.63
9.51%