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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	M A O
Floating Rate Notes due February 26, 2015	\$400,000,000	100.000%	\$40
2.625% Notes due March 6, 2023	\$600,000,000	98.199%	\$58
4.125% Notes due March 4, 2043	\$850,000,000	97.197%	\$82

- (1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. The total registration fee due for this offering is \$247,616.26.
- (2) Paid herewith.

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Prospectus Supplement to Prospectus dated February 28, 2011

Philip Morris International Inc.



\$400,000,000 Floating Rate Notes due 2015
\$600,000,000 2.625% Notes due 2023
\$850,000,000 4.125% Notes due 2043

The notes due 2015 will mature on February 26, 2015, the notes due 2023 will mature on March 6, 2023 and the notes due 2043 will mature on March 4, 2043. Interest on the notes due 2015 is payable semiannually on February 26, May 26, August 26 and November 26 of each year, beginning on May 26, 2013. Interest on the notes due 2023 is payable semiannually on March 6 and September 4 of each year, beginning on March 6, 2013. Interest on the notes due 2043 is payable semiannually on March 4 and September 4 of each year, beginning September 4, 2013. We may not redeem the notes prior to maturity under certain circumstances. The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other senior unsecured indebtedness from time to time. The notes are denominated in U.S. dollars in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Application will be made to have the notes listed on the New York Stock Exchange.

See “[Risk Factors](#)” on page S-5 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price		Underwriting Discount	
	Per Note	Total	Per Note	Total
Floating Rate Notes due 2015	100.000%	\$ 400,000,000	0.150%	\$ 600,000,000
2.625% Notes due 2023	98.199%	\$ 589,194,000	0.450%	\$ 2,700,000,000
4.125% Notes due 2043	97.197%	\$ 826,174,500	0.750%	\$ 6,375,000,000

The public offering prices set forth above do not include accrued interest. Interest on the notes of each series will accrue from March 4, 2013.

The underwriters expect to deliver the notes of each series to purchasers in book-entry form only through The Depository Trust Company, or DTC, Clearstream Banking S.A./N.V., or Euroclear, on or about March 4, 2013.

Joint Book-Running Managers

Barclays

Citigroup

Goldman, Sachs & Co.

HSBC

Co-Managers

Banca IMI

ING

Final Prospectus Supplement

<http://www.sec.gov/Archives/edgar/data/141>

Prospectus Supplement dated February 26, 2013

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We have not, and the underwriters have not, authorized anyone to provide you with any information other than that contained or incorporated by reference in this prospectus supplement and the attached prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide. In connection with this offering, the information in this prospectus supplement supersedes the information in the attached prospectus. We are not making an offer in any jurisdiction where the offer or sale is not permitted. Neither the delivery of this prospectus supplement, any related free writing prospectus or the attached prospectus, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, any related prospectus, regardless of the time of delivery of such document or any sale of securities offered hereby or thereby, or that the information contained or incorporated herein is true and correct as of any time subsequent to the date of such information.

In connection with the issuance of the notes, Barclays Capital Inc., Citigroup Global Markets Inc., Goldman, Sachs & Co., HSBC Securities (USA) Inc. and SCF Securities Inc. or its affiliates may over-allot or effect transactions that stabilize or maintain the market price of the notes at levels higher than that which might otherwise prevail. In any event, if the stabilizing agent, HSBC Securities (USA) Inc. or its affiliates shall effect such transactions. This stabilizing, if commenced, may be discontinued at any time and will be subject to applicable laws, regulations and rules.

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The distribution of this prospectus supplement and the attached prospectus and the offering or sale of the notes in some jurisdictions may be restricted by law. The notes are being offered only in the jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers. Persons into whose possession this prospectus supplement and the attached prospectus come should inform themselves about, and to observe, any applicable restrictions. This prospectus supplement and the attached prospectus may not be used for or in connection with any offer of notes in any jurisdiction in which that offer or solicitation is not authorized or to any person to whom it is unlawful to make that offer or solicitation. See “Offering Restrictions” in this prospectus supplement.

Notice to Prospective Investors in the European Economic Area

This prospectus supplement and the attached prospectus have been prepared on the basis that any offer of notes in any Member State of the European Economic Area (the “EEA”) pursuant to the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, for offers of notes. Accordingly, any person making or intending to make any offer in that Relevant Member State of notes which are the subject of the offering contemplated by this prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus pursuant to Article 3 of the Prospectus Directive. The underwriters have authorized, nor do we or they authorize, the making of any offer of notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus.

Notice to Prospective Investors in the United Kingdom

This prospectus supplement and attached prospectus are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of the Prospectus Directive and that are also (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a “Relevant Person”). The prospectus and their contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom that is not a Relevant Person should not act or rely on this prospectus supplement and/or attached prospectus or any of their contents.

This prospectus supplement and attached prospectus have not been approved for the purposes of section 21 of the UK Financial Services and Markets Act 2000 (“FSMA”) for the purposes of the prospectus supplement and the attached prospectus are being distributed and communicated to persons in the United Kingdom only in circumstances in which section 21(1) of FSMA applies.

The notes are not being offered or sold to any person in the United Kingdom except in circumstances which will not result in an offer of securities to the public in the United Kingdom under FSMA.

[Table of Contents](#)**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement contains the terms of this offering of notes. This prospectus supplement, or the information incorporated by reference in this prospectus supplement, will apply and will supersede that information in the attached prospectus.

It is important for you to read and consider all information contained in this prospectus supplement, the attached prospectus and any related free writing prospectus in making your investment decision. You should read and consider the information in the documents we have referred you to in “Documents Incorporated by Reference” in this prospectus supplement and “Where You Can Find More Information” in the attached prospectus, including our Annual Report on Form 10-K for the year ended December 31, 2012 and the portions of our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 27, 2013, in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Current Reports on Form 8-K filed with the SEC on February 7, 2013 (the Item 8.01 Form 8-K) and February 20, 2013.

Application will be made to have the notes listed on the New York Stock Exchange. We cannot guarantee that listing will be obtained.

Trademarks and servicemarks in this prospectus supplement and the attached prospectus appear in bold italic type and are the property of or licensed by our subsidiaries.

Philip Morris International Inc. is a Virginia holding company incorporated in 1987. Unless otherwise indicated, all references in this prospectus supplement to “PMI,” “Philip Morris International Inc.” and its subsidiaries.

References herein to “\$,” “dollars” and “U.S. dollars” are to United States dollars, and all financial data included or incorporated by reference herein have been prepared in accordance with accounting principles generally accepted in the United States of America.

[Table of Contents](#)**FORWARD-LOOKING AND CAUTIONARY STATEMENTS**

We may from time to time make forward-looking statements, including in information included or incorporated by reference in this prospectus supplement and the attached prospectus, by use of words such as “strategy,” “expects,” “continues,” “plans,” “anticipates,” “believes,” “will,” “estimates,” “intends,” “projects,” “goals,” “targets” and similar words. We identify them by the fact that they do not relate strictly to historical or current facts.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to a number of risks, including those identified in the documents incorporated by reference. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated. You should bear this in mind as you consider forward-looking statements and whether to invest in or remain invested in our securities. In connection with the “safe harbor” provision of the Private Securities Litigation Reform Act of 1995, we have identified important factors in the documents incorporated by reference that, individually or in the aggregate, could cause actual results and outcomes to differ from those anticipated in our forward-looking statements made by us; any such statement is qualified by reference to these cautionary statements. We elaborate on these and other risks we face in the documents incorporated by reference. It is not possible to predict or identify all risk factors. Consequently, you should not consider risks discussed in the documents incorporated by reference to be a complete discussion of all risks. We do not undertake to update any forward-looking statement that we may make from time to time except in the normal course of our public disclosure obligations.

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[Table of Contents](#)**SUMMARY OF THE OFFERING**

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. please refer to the section entitled “Description of Notes” in this prospectus supplement and the section entitled “Description of Debt Securities” in the attached prospectus.

Issuer	Philip Morris International Inc.
Securities Offered	\$400,000,000 total principal amount of floating rate notes due 2015, maturing February 2 \$600,000,000 total principal amount of 2.625% notes due 2023, maturing March 6, 2023. \$850,000,000 total principal amount of 4.125% notes due 2043, maturing March 4, 2043.
Interest Rates	The notes due 2015 will bear interest from March 4, 2013 at a rate per annum, reset quarterly The notes due 2023 will bear interest from March 4, 2013 at the rate of 2.625% per annum The notes due 2043 will bear interest from March 4, 2013 at the rate of 4.125% per annum
Interest Payment Dates	For the notes due 2015, February 26, May 26, August 26 and November 26, of each year, For the notes due 2023, March 6 and September 6, of each year, beginning on September For the notes due 2043, March 4 and September 4, of each year, beginning on September
Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment with our other senior unsecured indebtedness. Because we are a holding company, the notes will effectively rank senior to all of our liabilities of our subsidiaries. The indenture does not limit the amount of debt or other liabilities that we or our subsidiaries may incur.
Optional Tax Redemption	We may redeem all, but not part, of the notes of each series upon the occurrence of specified events described in the “Description of Notes—Redemption for Tax Reasons” in this prospectus supplement.
Covenants	We will issue the notes under an indenture containing covenants that restrict our ability, with certain exceptions, to: <ul style="list-style-type: none">• incur debt secured by liens; and• engage in sale and leaseback transactions.

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Use of Proceeds	We will receive net proceeds (before expenses) from this offering of approximately \$1,800,000, which may be used: <ul style="list-style-type: none">• to meet our working capital requirements;• to repurchase our common stock;• to refinance debt; or• for general corporate purposes. If we do not use the net proceeds immediately, we will temporarily invest them in short-term investments.
Listing	Application will be made to list the notes on the New York Stock Exchange.
Clearance and Settlement	The notes will be cleared through DTC, Clearstream and Euroclear.
Governing Law	The notes will be governed by the laws of the State of New York.
Risk Factors	Investing in the notes involves risks. See “Risk Factors” and the documents incorporated herein for a discussion of the factors you should consider carefully before deciding to invest.
Trustee	HSBC Bank USA, National Association.

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RISK FACTORS

You should carefully consider all the information included and incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in the securities offered. You should also carefully consider the factors set forth under “Forward-Looking and Cautionary Statements” in this prospectus supplement and “Risk Factors” in our Annual Report on Form 10-K, each of which we have incorporated by reference in this prospectus supplement.

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[Table of Contents](#)**THE COMPANY**

We are a Virginia holding company incorporated in 1987. Our subsidiaries and affiliates and their licensees are engaged in the manufacture and sale of cigarettes and other tobacco products in the United States of America. Our products are sold in more than 180 markets and, in many of these markets, they hold the number one or number two market share position. We have a portfolio of low-price brands. Our portfolio comprises both international and local brands.

Our portfolio of international and local brands is led by *Marlboro*, the world's best selling international cigarette, which accounted for approximately 33% of our total sales. Our portfolio is complemented in the premium-price category by *Merit*, *Parliament* and *Virginia Slims*. Our leading mid-price brands are *L&M* and *Chesterfield*. Other leading international brands include *Next*, *Philip Morris* and *Red & White*.

We also own a number of important local cigarette brands, such as *Sampoerna*, *Dji Sam Soe* and *U Mild* in Indonesia, *Fortune*, *Champion* and *Hope* in the Philippines, *Red Bull* in Russia, *Morven Gold* in Pakistan, *Boston* in Colombia, *Belmont*, *Canadian Classics* and *Number 7* in Canada, *Best* and *Classic* in Serbia, *f6* in Germany, *Delicados* in Mexico, *Red Bull* in the Czech Republic and Slovakia. While there are a number of markets where local brands remain important, international brands are expanding their share in numerous markets. With international brands accounting for 70% of our shipment volume in 2012, we are well-positioned to continue to benefit from this trend.

Our principal executive offices are located at 120 Park Avenue, New York, New York 10017-5579, our telephone number is +1 (917) 663-2000 and our web site is www.b&w.com. While our web site can be accessed through, our web site is not a part of this prospectus or any prospectus supplement.

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USE OF PROCEEDS

We will receive net proceeds (before expenses) from this offering of approximately \$1,805,693,500. We intend to add the net proceeds to our general funds, which may

- to meet our working capital requirements;
- to repurchase our common stock;
- to refinance debt; or
- for general corporate purposes.

If we do not use the net proceeds immediately, we will temporarily invest them in short-term, interest-bearing obligations.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical ratios of earnings available for fixed charges to fixed charges for the periods indicated. This information should be read in conjunction with our financial statements and the accompanying notes incorporated by reference in this prospectus supplement.

Ratios of earnings to fixed charges

Earnings available for fixed charges represent earnings before income taxes and fixed charges excluding capitalized interest, net of amortization. This amount is also adjusted for our less than 50% owned affiliates. Fixed charges represent interest expense, amortization of debt discount and expenses and capitalized interest, plus that portion of rental expense

[Table of Contents](#)**SUMMARY OF SELECTED HISTORICAL FINANCIAL DATA**

The following table presents our summary of selected historical financial data which have been derived from and should be read along with, and are qualified in their entirety by, the consolidated financial statements and the accompanying notes to those statements and the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report for the year ended December 31, 2012, which we have incorporated by reference in this prospectus supplement.

The summary of selected historical financial data is not necessarily indicative of our future performance.

Consolidated Statement of Earnings Data:

- Net revenues
- Cost of sales
- Excise taxes on products
 - Gross profit
- Marketing, administration and research costs
- Asset impairment and exit costs
- Amortization of intangibles
 - Operating income
- Interest expense, net
 - Earnings before income taxes
- Provision for income taxes
 - Net earnings
- Net earnings attributable to noncontrolling interests
- Net earnings attributable to PMI

Earnings Per Share Data:

- Basic earnings per share
- Diluted earnings per share

Balance Sheet Data:

- Cash and cash equivalents
- Receivables
- Inventories
- Deferred income taxes
- Other current assets
 - Total current assets
- Property, plant and equipment, at cost
 - Less accumulated depreciation
- Goodwill
- Other intangible assets, net
- Other assets
 - Total assets
- Short-term borrowings
- Current portion of long-term debt
- Accounts payable
- Other current liabilities
- Long-term debt
- Deferred income taxes
- Employment costs
- Other liabilities
- Redeemable noncontrolling interest
- Stockholders’ equity (deficit)
 - Total liabilities and stockholders’ equity (deficit)

[Table of Contents](#)**DESCRIPTION OF NOTES**

The following description of the particular terms of the notes, which we refer to as the “notes,” supplements the description of the general terms and provisions of the c Debt Securities” beginning on page 3 in the attached prospectus. The attached prospectus contains a detailed summary of additional provisions of the notes and of the indenture, Morris International Inc. and HSBC Bank USA, National Association, as trustee, under which the notes will be issued. The following description supersedes the description of the extent of any inconsistency. Terms used in this prospectus supplement that are otherwise not defined will have the meanings given to them in the attached prospectus.

Certain Terms of the Floating Rate Notes due 2015

The notes due 2015 are a series of debt securities described in the attached prospectus, which will be senior debt securities, will be initially issued in the aggregate pr on February 26, 2015.

Interest Payment Dates

The notes due 2015 will bear interest from March 4, 2013, payable quarterly in arrears on February 26, May 26, August 26 and November 26 of each year, commencing names the notes due 2015 are registered at the close of business on the preceding February 13, May 13, August 13 and November 13, each a record date, as the case may be (wh defined below)). If any interest payment date (other than the maturity date or any earlier repayment date) falls on a day that is not a New York business day, the payment of interest will be postponed to the next succeeding New York business day, except that if such New York business day falls in the next succeeding calendar month, the applicable interest p New York business day. If the maturity date or any earlier repayment date of the notes due 2015 falls on a day that is not a New York business day, the payment of principal, pre payable on such date will be postponed to the next succeeding New York business day, and no interest on such payment will accrue from and after the maturity date or earlier re

A “New York business day” is any day other than a Saturday, Sunday or other day on which commercial banks are required or permitted by law, regulation or executive

Interest Reset Dates

The interest rate will be reset quarterly on February 26, May 26, August 26 and November 26, commencing on May 26, 2013. However, if any interest reset date would be a New York business day, such interest reset date will be the next succeeding day that is a New York business day, except that if the next succeeding New York business day falls in the next interest reset date will be the immediately preceding New York business day.

Interest Periods and Interest Rate

The initial interest period will be the period from and including March 4, 2013 to but excluding the first interest reset date. The interest rate in effect during the initial i 0.05%, determined two London business days prior to March 4, 2013. A “London business day” is a day on which dealings in deposits in U.S. dollars are transacted in the Lon

After the initial interest period, the interest periods will be the periods from and including an interest reset date to but excluding the immediately succeeding interest re be the period from and including the interest reset date immediately preceding the maturity date to but excluding the maturity date. The interest rate per annum for the notes due 2 LIBOR

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plus 0.05%, as determined by the calculation agent. The interest rate in effect for the 15 calendar days prior to any repayment date earlier than the maturity date will be the interest rate in effect on such earlier repayment date.

The interest rate on the notes due 2015 will be limited to the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

Upon the request of any holder of notes due 2015, the calculation agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective on the next interest determination date.

The calculation agent will determine LIBOR for each interest period on the second London business day prior to the first day of such interest period.

LIBOR, with respect to any interest determination date, will be the offered rate for deposits of U.S. dollars having a maturity of three months that appears on "Reuters Page LIBOR 01" as of 11:00 a.m., London time, on such interest determination date. If on an interest determination date, such rate does not appear on the "Reuters Page LIBOR 01" as of 11:00 a.m., London time, on such date, the calculation agent will obtain such rate from Bloomberg L.P.'s page "BBAM."

If no offered rate appears on "Reuters Page LIBOR 01" or Bloomberg L.P. page "BBAM" on an interest determination date, LIBOR will be determined for such interest period as the arithmetic mean of the rates quoted at approximately 11:00 a.m., London time, on such interest determination date at which deposits in U.S. dollars are offered to prime banks in the London inter-bank market by four banks for a term of three months commencing on the applicable interest reset date and in a principal amount equal to an amount that in the judgment of the calculation agent is representative of the market at such time. The calculation agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR for such interest period will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., London time, on such interest determination date by three major banks in New York City, selected by us, for loans in U.S. dollars to leading European banks, for a term of three months commencing on the applicable interest reset date and in a principal amount equal to an amount that in the judgment of the calculation agent is representative for a single transaction in U.S. dollars in such market at such time; provided, however, that if, on such interest determination date, no such quotation as mentioned above, the then-existing LIBOR rate will remain in effect for such interest period, or, if none, the interest rate will be the initial interest rate.

All percentages resulting from any calculation of any interest rate for the notes due 2015 will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point rounded upward (e.g., 5.876545% (or .05876545) would be rounded to 5.87655% (or .0587655)), and all U.S. dollar amounts will be rounded to the nearest cent. Each calculation of the interest rate on the notes due 2015 by the calculation agent will (in the absence of manifest error) be final and binding on the noteholders and us.

Accrued Interest

Accrued interest on the notes due 2015 will be calculated by multiplying the principal amount of the notes due 2015 by an accrued interest factor. This accrued interest factor will be the sum of the interest factors calculated for each day in the period for which interest is being paid. The interest factor for each day is computed by dividing the interest rate applicable to that day by 360. The interest rate applicable to any day on any reset date will be the applicable rate as reset on that date. The interest rate applicable to any other day is the interest rate from the immediately preceding reset date.

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HSBC Bank USA, National Association will act as calculation agent for the notes due 2015.

Certain Terms of the 2.625% Notes due 2023

The notes due 2023 are a series of debt securities described in the attached prospectus, which will be senior debt securities, will be initially issued in the aggregate principal amount of \$100,000,000 on March 6, 2023.

The notes due 2023 will bear interest at the rate of 2.625% per annum from March 4, 2013, payable semiannually in arrears on March 6 and September 6 of each year, in whose names the notes due 2023 are registered at the close of business on the preceding February 19 or August 22, each a record date, as the case may be.

Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Certain Terms of the 4.125% Notes due 2043

The notes due 2043 are a series of debt securities described in the attached prospectus, which will be senior debt securities, will be initially issued in the aggregate principal amount of \$100,000,000 on March 4, 2043.

The notes due 2043 will bear interest at the rate of 4.125% per annum from March 4, 2013, payable semiannually in arrears on March 4 and September 4 of each year, in whose names the notes due 2043 are registered at the close of business on the preceding February 17 or August 20, each a record date, as the case may be.

Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

General

In some circumstances, we may elect to discharge our obligations on the notes through full defeasance or covenant defeasance. See “Description of Debt Securities—Default Events” in the prospectus for more information about how we may do this.

We may, without the consent of the holders of the notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the notes, on or after the date. Any additional notes having such similar terms, together with the applicable notes, will constitute a single series of notes under the indenture. No additional notes may be issued in respect to the applicable series of notes.

The notes will not be entitled to any sinking fund.

Book-Entry Notes

We have obtained the information in this section concerning DTC, Clearstream and Euroclear, and the book-entry system and procedures from sources that we believe to be reliable for the accuracy of this information.

The notes will be offered and sold in principal amounts of \$2,000 and integral multiples of \$1,000 in excess thereof. We will issue the notes of each series in the form of registered, book-entry form, which we refer to as the “global notes.” Each such global note will be deposited

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with, or on behalf of, DTC or any successor thereto, as depositary, or Depositary, and registered in the name of Cede & Co. (as nominee of DTC). Unless and until it is exchanged for a global note, no global note may be transferred except as a whole by the Depositary to a nominee of such Depositary. Investors may elect to hold interests in the global notes through either Clearstream or Euroclear, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold such interests through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries, which in turn will hold such interests in customers' securities accounts on the books of DTC.

DTC advises that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provision of Section 17A of the Securities Exchange Act. DTC holds securities that its participants, or DTC Participants, deposit with DTC. DTC also facilitates settlement of securities transactions among the DTC Participants by depositing securities through electronic computerized book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities.

Direct DTC Participants, or DTC Direct Participants, include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a Depository Trust & Clearing Corporation, which is owned by the users of its regulated subsidiaries. Access to DTC's book-entry system is also available to others, such as banks and clearing corporations, through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly (we refer to the latter as DTC Indirect Participants).

Purchases of the notes under DTC's book-entry system must be made by or through DTC Direct Participants, which will receive a credit for the notes on DTC's records. The purchaser of the notes, which we refer to as the "beneficial owner," is in turn to be recorded on the DTC Participants' records. Beneficial owners will not receive written confirmations of their holdings; beneficial owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings from the DTC Direct or DTC Indirect Participant that is the beneficial owner entered into the transaction. Transfers of ownership interests in the global notes will be effected only through entries made on the books of DTC Participants and DTC Indirect Participants. Beneficial owners will not receive certificates representing their ownership interests in the global notes, except in the event that use of the book-entry system for the notes is discontinued.

Upon the issuance of a registered global note, DTC will credit, on its book-entry registration and transfer system, the DTC Participants' accounts with the respective proportionate shares of the global notes beneficially owned by the DTC Participants. Any dealers, underwriters or agents participating in the distribution of the notes will designate the accounts to be credited. On the books of DTC, the global note will be shown on, and the transfer of ownership interests will be effected only through, records maintained by DTC, with respect to interests of DTC Participants, and with respect to interests of persons holding through DTC Participants.

To facilitate subsequent transfers, all global notes deposited by DTC Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or its authorized representative of DTC. The deposit of the global notes with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership of the notes; DTC's records reflect only the identity of the DTC Direct Participants to whose accounts such notes are credited, which may or may not be the actual beneficial owners of the notes. DTC will remain responsible for keeping account of their holdings on behalf of their customers.

So long as DTC, or its nominee, is the registered owner of a registered global note, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the global note for all purposes under the indenture. Except as described below, owners of beneficial interests in a global note will not be entitled to have the book-entry notes represented by the global note delivered to them in definitive form and will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the owners or holders of the notes under the indenture. Accordingly, a global note must rely on the procedures of DTC for that global note and, if that person is not a DTC Participant, on the procedures of the DTC Participant through which the person holds its beneficial interest in the global note. The laws of some jurisdictions may require that some purchasers of notes take physical delivery of these notes in definitive form. Such laws may impact the ability of certain purchasers to acquire global notes in definitive form.

Clearstream has advised us that it is a limited liability company organized under Luxembourg law. Clearstream holds securities for its participating organizations, or Clearstream Participants, and facilitates the clearing and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical securities certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities. Clearstream interfaces with domestic markets in several countries. Clearstream is registered as a bank in Luxembourg, and as such is subject to regulation by the *Commission de Surveillance du Secteur Financier* (CSSF). Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and other financial institutions. Indirect access to Clearstream is available to other institutions that clear through or maintain a custodial relationship with a Clearstream Participant.

Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear, or Euroclear Participants, and to clear and settle transactions between Euroclear Participants, by means of electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities. Euroclear also provides clearing and settlement services, including securities lending and borrowing and interfaces with domestic markets in several countries.

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are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with Euroclear either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking and Finance Commission. Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law. These Terms and Conditions govern transfers, deposits, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis with securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with participants.

Distributions with respect to the global notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the procedures received by the U.S. depositary for Euroclear.

Global Clearance and Settlement Procedures

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between the participants in the Depositary will occur in the ordinary course of business and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream Participants and/or Euroclear Participants will be in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Euroclear transactions.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream or Euroclear Participants on the other, will be in accordance with the DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of securities to the relevant international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant international clearing system must meet its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering interests in the notes to the relevant clearing system or making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may be required to deliver securities to the relevant clearing system.

Because of time-zone differences, credits of interests in the notes received in Clearstream or Euroclear as a result of a transaction with a Depositary Participant will be processed and will be credited the business day following the DTC settlement date. Such credits or any transactions involving interests in such notes settled during such processing will be credited to Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of interests in the notes by or through a Clearstream Participant or Euroclear Participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following the DTC settlement date.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the notes among participants of DTC, Clearstream and Euroclear may perform or continue to perform such procedures and such procedures may be discontinued at any time.

[Table of Contents](#)**Notices**

Notices to holders of the notes will be sent by mail or email to the registered holders and will be published, whether the notes are in global or definitive form, and, so long as the notes are listed on the New York Stock Exchange, in a daily newspaper of general circulation in the City of New York. It is expected that publication will be made in the City of New York in *The Wall Street Journal* or another newspaper of general circulation in the City of New York, on the date of such publication or, if published more than once, on the date of the first such publication.

Restrictive Covenants

The indenture limits the amount of liens (subject to certain exceptions described in “Description of Debt Securities—Restrictive Covenants” in the attached prospectus) that we or any of our Subsidiaries may create, assume or incur in order to secure indebtedness for borrowed money, upon any Principal Facility or any shares of capital stock that any of our Subsidiaries owning any Principal Facility or any shares of capital stock of any of our Subsidiaries. If we or any of our Subsidiaries incur such liens, then we will secure the debt securities to the same extent and in the same proportion as the debt that is secured by the liens and/or any of our Subsidiaries may create, assume or incur liens that would otherwise be subject to the restriction described in this paragraph, without securing debt securities in excess of the aggregate value of all outstanding indebtedness secured by the liens plus the value of Sale and Leaseback Transactions does not at the time exceed 15% of Consolidated Net Tangible Assets. See “Description of Debt Securities—Restrictive Covenants—Sale and Leaseback Transactions” for more information regarding our ability to engage in Sale and Leaseback Transactions under certain circumstances.

At December 31, 2012, our Consolidated Net Tangible Assets were \$5.5 billion.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay to the beneficial owner of any note who is a non-United States person (as defined below) such additional amounts as may be necessary to ensure that every net payment on such note, after deduction or withholding by us or any of our paying agents for or on account of any present or future tax, assessment or other governmental charge that every net payment on such note, after deduction or withholding by us or any of our paying agents for or on account of any present or future tax, assessment or other governmental charge, will not be less than the amount provided in such note to be then due and payable to the beneficial owner, if the beneficial owner is subject to taxation solely for reasons other than its ownership of the note, nor will we pay additional amounts for or on account of:

(a) any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the existence of any present or former connection (other than the mere citizenship or residence of the beneficial owner) between the beneficial owner (or between a fiduciary, settlor, beneficiary or person holding a power over such beneficial owner, if the beneficial owner is an estate or trust, or between a member or shareholder of the beneficial owner, if the beneficial owner is a partnership or corporation) of a note and the United States, including, without limitation, such beneficial owner (or such fiduciary, settlor, beneficiary or person holding a power over such beneficial owner, if the beneficial owner is an estate or trust, or a member or shareholder of the beneficial owner, if the beneficial owner is a partnership or corporation) being or having been a citizen or resident of the United States or treated as being or having been a resident thereof;

(b) any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the beneficial owner (or a fiduciary, settlor, beneficiary or person holding a power over such beneficial owner, if the beneficial owner is an estate or trust, or a member or shareholder of the beneficial owner, if the beneficial owner is a partnership or corporation) (1) being or having been present in, or engaged in a trade or business in, the United States, (2) being treated as having been present in, or engaged in a trade or business in, the United States, or (3) having or having had a permanent establishment in the United States;

(c) any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the beneficial owner (or a fiduciary, settlor, beneficiary or person holding a power over such beneficial owner, if the beneficial owner is an estate or trust, or a member or shareholder of the beneficial owner, if the beneficial owner is a partnership or corporation) being or having been a citizen or resident of the United States or treated as being or having been a resident thereof.

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beneficial owner is an estate or trust, or a member or shareholder of the beneficial owner, if the beneficial owner is a partnership or corporation) being or having been with respect to the company, a controlled foreign corporation, a passive foreign investment company or a foreign private foundation or other foreign tax-exempt organization, or being a corporation or trust subject to United States federal income tax;

(d) any tax, assessment or other governmental charge imposed on a beneficial owner that actually or constructively owns 10% or more of the total combined voting power of the company to vote within the meaning of Section 871(h)(3) of the Internal Revenue Code of 1986, as amended, or the Code;

(e) any tax, assessment or other governmental charge that is payable by any method other than withholding or deduction by us or any paying agent from payments in respect of the note;

(f) any gift, estate, inheritance, sales, transfer, personal property or excise tax or any similar tax, assessment or other governmental charge;

(g) any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment in respect of any note if such payment can be made without the payment of such tax, assessment or other governmental charge by the paying agent;

(h) any tax, assessment or other governmental charge that is imposed or withheld by reason of a change in law, regulation, or administrative or judicial interpretation that requires that such payment becomes due or is duly provided for, whichever occurs later;

(i) any tax, assessment or other governmental charge imposed as a result of the failure of the beneficial owner to comply with applicable certification, information, documentation or other requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a note, if such compliance is required by statute or regulation for the relief or exemption from such tax, assessment or other governmental charge;

(j) any tax, assessment or other governmental charge imposed by reason of the failure of the beneficial owner to fulfill the statement requirements of Section 871(h) or 878 of the Code;

(k) any tax, assessment or other governmental charge imposed pursuant to the provisions of Sections 1471 through 1474 of the Code; or

(l) any combination of items (a), (b), (c), (d), (e), (f), (g), (h), (i), (j) and (k).

In addition, we will not pay additional amounts to a beneficial owner of a note that is a fiduciary, partnership, limited liability company or other fiscally transparent entity, or to the beneficial owner of such note, as the case may be. This exception, however, will apply only to the extent that a beneficiary or settlor with respect to the fiduciary, or a beneficiary or settlor of a limited liability company or other fiscally transparent entity, would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member been entitled to such share of the payment. The term “beneficial owner” includes any person holding a note on behalf of or for the account of a beneficial owner.

As used herein, the term “non-United States person” means a person that is not a United States person. The term United States person means a citizen or resident of the United States, a person created or organized in or under the laws of the United States or any political subdivision thereof, an estate the income of which is subject to United States federal income taxation, or a primary

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supervision of a court within the United States and the control of one or more United States persons as described in Section 7701(a)(30) of the Code, or a trust that existed on A treatment as a domestic trust. “United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other are Commonwealth of Puerto Rico).

Redemption for Tax Reasons

Each series of notes will mature and be redeemed at par on their respective maturity dates of February 26, 2015, March 6, 2023 and March 4, 2043, and are not redeemed occurrence of certain tax events described below.

We may redeem a series of notes prior to maturity in whole, but not in part, on not more than 60 days’ notice and not less than 30 days’ notice at a redemption price equal accrued interest and additional amounts to the date fixed for redemption if:

- as a result of a change in or amendment to the tax laws, regulations or rulings of the United States or any political subdivision or taxing authority of or in the U regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction in the United States) that March 4, 2013, we have or will become obligated to pay additional amounts with respect to such series of notes as described above under “Payment of Additional
- on or after March 4, 2013, any action is taken by a taxing authority of, or any decision is rendered by a court of competent jurisdiction in, the United States or in the United States, including any of those actions specified in the bullet point above, whether or not such action is taken or decision is rendered with respect to interpretation is officially proposed, which, in any such case, in the written opinion of independent legal counsel of recognized standing, will result in a material pay additional amounts with respect to such series of notes,

and we in our business judgment determine that such obligations cannot be avoided by the use of reasonable measures available to us.

If we exercise our option to redeem a series of notes, we will deliver to the trustee a certificate signed by an authorized officer stating that we are entitled to redeem the legal counsel if required.

[Table of Contents](#)**CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following summary describes generally the material United States federal income and, in the case of non-United States Holders (as defined below), estate tax consequences of ownership and disposition of a note if you are a beneficial owner of such note. Unless otherwise indicated, this summary addresses only notes purchased at original issue for the owners as capital assets, and does not address all of the United States federal income and estate tax considerations that may be relevant to you in light of your particular circumstances under United States federal income tax laws (for example, if you are an insurance company, tax-exempt organization, financial institution, broker or dealer in securities or currency, mark-to-market method of accounting for your securities holdings, person subject to the alternative minimum tax, United States expatriate, United States person with a functional impairment, or a person who holds notes as part of an integrated investment (including a “straddle”), “controlled foreign corporation,” “passive foreign investment company,” or corporation that accumulates income for tax). If a partnership holds notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership should consult a tax advisor regarding the tax consequences of the acquisition, ownership and disposition of our notes, as this summary does not address special tax considerations that may be relevant to you. This summary does not discuss any aspect of state, local or non-United States taxation, or any United States federal tax considerations other than income and estate taxation.

This summary is based on current provisions of the Code, Treasury regulations, judicial opinions, published positions of the United States Internal Revenue Service, and other authorities, which are subject to change, possibly with retroactive effect. This summary is not intended as tax advice.

We urge prospective investors in the notes to consult their tax advisors regarding the United States federal, state, local and non-United States income and other tax consequences of disposing of the notes.

United States Holders

This discussion applies to you if you are a “United States Holder.” For this purpose, a “United States Holder” is a beneficial owner of a note that is:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for United States federal income tax purposes, created or organized in, or under the laws of, the United States;
- an estate, the income of which is subject to United States federal income taxation regardless of its source;
- a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to make decisions of the trust; or
- a trust that existed on August 20, 1996, and elected to continue its treatment as a domestic trust.

Payments of Interest

Except as set forth below, payments of interest on a note generally will be taxable to you as ordinary interest income at the time the interest accrues or is received, in accordance with the purposes.

[Table of Contents](#)*Sale, Exchange, Redemption or Disposition of a Note*

Upon the sale, exchange, redemption or other taxable disposition of a note, you will recognize taxable gain or loss equal to the difference between (i) the amount you receive from the sale, exchange, redemption or other taxable disposition, other than amounts, if any, attributable to accrued but unpaid stated interest and (ii) your adjusted tax basis in the note. Your adjusted tax basis in a note generally will be the cost of the note plus any capital gain or loss you recognize on the sale, exchange, redemption or other taxable disposition of a note generally will be capital gain or loss and will be long-term capital gain or loss if you, or other taxable disposition, you have held the note for more than one year. Under current U.S. federal income tax law, net long-term capital gains realized by taxpayers that are individuals, corporations, trusts, or estates are taxed at preferential rates. The distinction between capital gain or loss and ordinary income or loss also is relevant for purposes of the limitation on the deductibility of capital losses.

Backup Withholding and Information Reporting

Unless you are an exempt recipient, a backup withholding tax and certain information reporting requirements may apply to payments we make to you of principal of, or interest on, a note of the sale or exchange before maturity of, a note. Backup withholding and information reporting will not apply to payments that we make on the notes to exempt recipients that are entities, whether such entities are the beneficial owners of such notes or hold such notes as a custodian, nominee or agent of the beneficial owner. However, with respect to payments made to you as a beneficial owner, backup withholding and information reporting may apply to payments made by such custodian, nominee or other agent to you unless you are an exempt recipient.

If you are not an exempt recipient (for example, if you are an individual), backup withholding will not be applicable to payments made to you if you (i) have supplied a valid taxpayer identification number (usually on an IRS Form W-9), (ii) have not been notified by the IRS that you have failed to properly report payments of interest and dividends and (iii) in certain circumstances you have received no such notification and have supplied an accurate Taxpayer Identification Number. However, information reporting will be required in such a case.

Any amounts withheld from a payment to you by operation of the backup withholding rules will be refunded or allowed as a credit against your United States federal income tax liability if the information is furnished to the IRS in a timely manner.

Unearned Income Medicare Contribution

After December 31, 2012, a tax of 3.8 percent will be imposed on the amount of “net investment income” (or undistributed “net investment income,” in the case of an entity) that exceeds your adjusted gross income above certain threshold amounts. “Net investment income” as defined for United States federal Medicare contribution purposes generally includes interest, dividends, capital gains, and other disposition of the notes. Tax exempt trusts, which are not subject to income taxes generally, and foreign individuals will not be subject to this tax. You should consult your tax advisor regarding this tax on your investment in the notes.

Non-United States Holders

This discussion applies to you if you are a “non-United States Holder.” A “non-United States Holder” is a beneficial owner of a note that is neither a United States Holder nor a partnership for United States federal income tax purposes).

[Table of Contents](#)*Payments of Interest*

Payments of interest that we make to you will be subject to United States withholding tax at a rate of 30% of the gross amount, unless you are eligible for one of the exceptions described below.

Subject to the discussion of backup withholding below, no withholding of United States federal income tax will be required with respect to payments we make to you or for your account if:

- you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h) of the Code;
- you are not a controlled foreign corporation that is related to us through stock ownership; and
- you have provided the required certifications as set forth in Section 871(h) and Section 881(c) of the Code.

To satisfy these certification requirements, you generally will be required to provide in the year in which a payment of interest occurs, or in one of the three preceding years:

- a statement signed by you under penalties of perjury;
- a statement certifying that you are the beneficial owner of the notes and are not a United States Holder; and
- your name and address.

This statement generally may be made on an IRS Form W-8BEN or a substantially similar substitute form and you must inform the recipient of any change in the information provided. Special certification rules apply to non-United States Holders that are pass-through entities rather than corporations or individuals.

If you are engaged in a United States trade or business and interest received by you on a note is effectively connected with your conduct of such trade or business (and, if you are an individual, to a United States permanent establishment you maintain), you will be exempt from the withholding of United States federal income tax described above, so long as you have provided a substantially similar substitute form stating that interest on the note is effectively connected with your conduct of a trade or business in the United States. In such a case, you will be subject to United States federal income tax in the same manner as if you were a United States Holder. If you are a corporation, effectively connected income may also be subject to a branch profits tax at a rate of 30% (or the rate provided in an applicable income tax treaty).

If you are not eligible for relief under one of the exceptions described above, the amount of any interest that we pay to you that is subject to withholding may be reduced for United States federal income tax purposes. A U.S. corporation that was an 80/20 company on August 10, 2010 generally continues to be an 80/20 company if at least 80% of its gross income is derived directly or through subsidiaries, "active foreign business income," and it does not add a substantial line of business to its operations. The 80% test for active foreign business income that we currently are an 80/20 company, our operations and business plans may change in subsequent taxable years. Therefore, no assurance can be given regarding our classification for United States federal income tax purposes in the future.

In addition, regardless of whether we qualify as an 80/20 company, you may qualify for an exemption from, or a reduced rate of, United States federal withholding tax on interest payments. In general, this exemption or reduced rate of tax applies only if you provide a properly completed IRS Form W-8BEN or substantially similar form claiming benefits under an applicable income tax treaty.

[Table of Contents](#)*Sale, Exchange, Redemption or Disposition of Notes*

You generally will not be subject to United States federal income tax on any gain realized upon your sale, exchange, redemption or other taxable disposition of notes unless:

- the gain is effectively connected with your conduct of a trade or business within the United States (and, under certain income tax treaties, is attributable to a United States person you maintain); or
- you are an individual, you are present in the United States for 183 days or more in the taxable year of disposition and you meet other conditions, and you are not a United States person under the tax treaty.

Gain that is effectively connected with your conduct of a trade or business within the United States generally will be subject to United States federal income tax, net of a credit for foreign taxes paid, to United States persons. If you are a corporation, the branch profits tax also may apply to such effectively connected gain. If the gain from the sale or disposition of your notes is not attributable to a trade or business in the United States but under an applicable income tax treaty is not attributable to a permanent establishment you maintain in the United States, your gain may be subject to United States tax. If you are described in the second bullet point above, you generally will be subject to United States tax at a rate of 30% on the gain realized, although the gain may be offset by losses during the same taxable year.

Backup Withholding and Information Reporting

The amount of interest we pay to you on notes will be reported to you and to the IRS annually on an IRS Form 1042-S even if you are exempt from the 30% withholding. Annual returns reporting those payments and the amounts withheld may also be made available to the tax authorities in the country where you are resident under provisions of an applicable tax treaty.

In addition, backup withholding tax and certain other information reporting requirements apply to payments of interest and certain reportable payments, unless an exemption applies. Information reporting will not apply to payments we make to you if you have provided under penalties of perjury the required certification of your non-United States person status (“*Not a United States Person*” or “*Interest*”) (and we do not have actual knowledge or reason to know that you are a United States Holder) or if you are an exempt recipient.

If you sell or redeem a note through a United States broker or the United States office of a foreign broker, the proceeds from such sale or redemption will be subject to information reporting unless you provide a withholding certificate or other appropriate documentary evidence establishing that you are not a United States Holder to the broker and such broker does not know or have reason to know that you are a United States Holder, or you are an exempt recipient eligible for an exemption from information reporting and backup withholding. If you sell or redeem a note through a United States person or has certain enumerated connections with the United States, the proceeds from such sale or redemption will be subject to information reporting unless you provide other documentary evidence establishing that you are not a United States Holder and such broker does not have actual knowledge or reason to know that such evidence is false, or you are an exempt recipient eligible for an exemption from information reporting. In circumstances where information reporting by the foreign office of such a broker is required, backup withholding will be required only if you are a United States Holder.

Any amounts withheld from a payment to you by operation of the backup withholding rules will be refunded or allowed as a credit against your United States federal income tax. You must timely file a United States federal income tax return with the IRS claiming such refund or credit.

[Table of Contents](#)*Estate Tax*

A note held by an individual who at the time of death is a non-United States Holder will not be subject to United States federal estate tax as a result of such individual's actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and respect to such note are not effectively connected with such individual's conduct of a United States trade or business.

Foreign Account Tax Compliance Act

Legislation enacted in 2010 imposes a United States federal withholding tax of 30% on payments of interest or gross proceeds from the disposition of a debt instrument to non-U.S. entities, including certain foreign financial institutions and investment funds, unless such non-U.S. entity complies with certain reporting requirements regarding its United States owners. Pursuant to Treasury regulations and other Treasury guidance, these rules generally are not effective for payments of interest until January 1, 2014, and, in the case of payments of interest, in the case of payments of interest, in the case of payments of interest. In addition, Treasury regulations state that even after the effective dates the new withholding obligations will not apply to payments on, or with respect to, obligations that are owned by purchasers of the notes should consult their own tax advisors regarding the new withholding and reporting provisions.

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Subject to the terms and conditions set forth in the terms agreement dated the date of this prospectus supplement, which incorporates by reference the underwriting agreement, the underwriters named below, for whom Barclays Capital Inc., Citigroup Global Markets Inc., Goldman, Sachs & Co., HSBC Securities (USA) Inc. and SG Americas Securities, LLC have agreed to purchase, and we have agreed to sell to each underwriter, the respective principal amount of each series of notes as set forth opposite the name of each underwriter below:

Underwriter	Principal Amount of Floating Rate Notes due 2015	
Barclays Capital Inc.	\$ 70,400,000	\$
Citigroup Global Markets Inc.	\$ 70,400,000	\$
Goldman, Sachs & Co.	\$ 70,400,000	\$
HSBC Securities (USA) Inc.	\$ 70,400,000	\$
SG Americas Securities, LLC	\$ 70,400,000	\$
Banca IMI S.p.A.	\$ 16,000,000	\$
ING Financial Markets LLC	\$ 16,000,000	\$
Santander Investment Securities Inc.	\$ 16,000,000	\$
Total	\$400,000,000	\$

The underwriting agreement provides that the obligations of the underwriters to purchase the notes included in this offering are subject to approval of certain legal matters. The underwriters are obligated to purchase all of the notes if they purchase any of the notes.

We have been advised by the underwriters that the underwriters propose initially to offer some of the notes to the public at the public offering prices set forth on the cover of this prospectus supplement. We may offer some of the notes to certain dealers at the public offering price less concessions not in excess of 0.050%, in the case of the notes due 2015, not in excess of 0.270%, in the case of the notes due 2023, and not in excess of 0.375%, in the case of the notes due 2043. The underwriters may allow, and these dealers may reallow, concessions not in excess of 0.025%, in the case of the notes due 2015, not in excess of 0.270%, in the case of the notes due 2023, and not in excess of 0.375%, in the case of the notes due 2043, of the principal amount of the notes on sales of the notes to certain other dealers. After the initial offering, the underwriters may change the public offering price and concessions. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject or suspend the offering of the notes.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering (expressed as a percentage of the principal amount of the notes):

Per Floating Rate Note due 2015	
Per 2.625% Note due 2023	
Per 4.125% Note due 2043	

In connection with the offering of the notes, the underwriters or their respective affiliates may purchase and sell the notes in the open market. These transactions may include purchases to cover positions created by short sales. Short sales involve the sale by the stabilizing underwriters of a greater number of notes than they are required to purchase in connection with certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

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The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received for repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Any of these activities may cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. The counter market or otherwise and, if commenced, may be discontinued at any time. Neither we nor any of the underwriters make any representation or prediction as to the direction of the price of the notes described above may have on the price of the notes. In addition, neither we nor any of the underwriters make any representation that any of the underwriters will engage in such activities, begun, will not be discontinued without notice.

We estimate that our total expenses of this offering, excluding underwriting discounts, will be approximately \$1,276,000.

Each of the representatives and certain of the underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

Certain of the underwriters and their affiliates have performed certain investment banking, advisory or general financing and banking services for us and our affiliates for a period of time and have received customary fees and expenses. Certain of the underwriters and their affiliates may, from time to time, engage in transactions with and perform services for us and our affiliates in connection with our securities offerings. The representatives and certain of the underwriters and their affiliates have been or are lenders in connection with our existing credit facilities or dealers in connection with our commercial paper programs and receive standard fees for their services.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments, including securities, derivatives, hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the account of clients. Investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and express research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Banca IMI S.p.A. is not a U.S. registered broker-dealer, and will not effect any offers or sales of any notes in the United States unless it is through one or more U.S. registered broker-dealers in accordance with the regulations of the Financial Industry Regulatory Authority, Inc.

We have agreed to indemnify the several underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended.

It is expected that delivery of the notes will be made against payment therefor on or about March 4, 2013, which will be the fourth business day following the date of pricing (herein referred to as T+4). Purchasers of notes should be aware that the ability to settle secondary market trades of the notes effected on the date of pricing and the next succeeding business day is not guaranteed and settlement may be delayed.

Although application will be made to list the notes on the New York Stock Exchange, the notes are new issues of securities with no established trading market. We cannot guarantee that a trading market will develop for the notes. We have been advised by the underwriters that they intend to make a market in the notes, but they are not obligated to do so and may discontinue such market-making at any time.

[Table of Contents](#)**OFFERING RESTRICTIONS**

The notes are offered for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers, only in accordance with the laws of those jurisdictions.

Each of the underwriters has severally represented and agreed that it has not offered, sold or delivered and it will not offer, sell or deliver, directly or indirectly, any of the notes, in or from any jurisdiction except under circumstances that will result in compliance with the laws of that jurisdiction, and that will not impose any obligations on us except as agreed to with us in advance of such offer, sale or delivery.

In particular, each underwriter has severally represented and agreed that:

- In relation to each Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, to the public of notes that are the subject of the offering contemplated by this prospectus supplement and the attached prospectus in that Relevant Member State:
 - (1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
 - (2) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive of the relevant Dealer or Dealers nominated by the Company for any such offer; or
 - (3) in any other circumstances falling within Article 3(2) of the Prospectus Directive;provided that no such offer of Notes shall require the Company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to comply with the requirements of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form of information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for notes, as the same may be varied in that Relevant Member State. In the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/22/EU.

Each underwriter has also severally represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000, or FSMA) received by it in connection with the issue or sale of the notes in circumstances in which it is exempt from the prospectus requirements of the FSMA; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or to Hong Kong;
- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes other than (i) to persons whose ordinary business is the business of acting as principal or agent; or (ii) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under the Ordinance; and (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, any document which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer of notes in Hong Kong.

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not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the notes only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

- this prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289. Accordingly, it may not offer or sell the notes or make the notes the subject of an invitation for subscription or purchase nor may it circulate or distribute this prospectus supplement in connection with the offer or sale or invitation for subscription or purchase of any notes, whether directly or indirectly, to any person in Singapore except to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased notes, namely a person who

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is held by or for whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor.

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferred if the trust has acquired the notes under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275 of the Securities and Futures Act, in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;
- (ii) no consideration is given for the transfer; or
- (iii) by operation of law; and

- the notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the “FIEL”), indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation incorporated in Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from registration in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

[Table of Contents](#)**DOCUMENTS INCORPORATED BY REFERENCE**

The SEC allows us to “incorporate by reference” into this prospectus supplement and the attached prospectus information that we file with them. This means that we can refer you to those documents. The information incorporated by reference is an important part of this prospectus supplement and the attached prospectus, and information that we later file with the SEC will update and supersede any inconsistent information in this prospectus supplement and the attached prospectus and in our other filings with the SEC.

We incorporate by reference the following documents that we previously filed with the SEC (other than information in such documents that is deemed not to be filed), a prospectus supplement No. 1-33708:

- our Annual Report on Form 10-K for the year ended December 31, 2012,
- the portions of our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 30, 2012 that are incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2011, and
- our Current Reports on Form 8-K filed with the SEC on February 7, 2013 (the Item 8.01 Form 8-K only), February 12, 2013, February 15, 2013 and February 19, 2013.

These documents contain important information about our business and our financial performance.

We also incorporate by reference any future filings we make with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, on or after the date of the prospectus supplement, up to the termination of the offering, all of which will be filed under SEC File No. 1-33708.

You may obtain a free copy of these filings from us by writing to or telephoning us at the following address and telephone number:

Philip Morris International Inc.
120 Park Avenue
New York, New York 10017-5579
Attention: Deputy General Counsel and Corporate Secretary
Telephone: +1 (917) 663-2000

LEGAL MATTERS

The validity of the notes will be passed upon for us by Hunton & Williams LLP, New York, New York, and for the underwriters by Simpson Thacher & Bartlett LLP, New York, New York. Hunton & Williams LLP will rely upon Hunton & Williams LLP as to matters of Virginia law. Sutherland Asbill & Brennan LLP, Washington, D.C. is also representing us with respect to United States law.

EXPERTS

The consolidated financial statements and management’s assessment of the effectiveness of internal control over financial reporting (which is included in the Report of Independent Registered Public Accounting Firm) incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2012 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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PROSPECTUS



**Philip Morris International Inc.
Debt Securities
Warrants to Purchase Debt Securities**

Philip Morris International Inc. may offer from time to time debt securities or warrants to purchase debt securities. We will provide the specific terms of the securities. This prospectus may not be used to offer and sell the securities unless accompanied by a prospectus supplement. A prospectus supplement may add, update or change information in this prospectus and the applicable prospectus supplement, as well as the documents incorporated by reference in this prospectus and in any accompanying prospectus supplement.

Investing in the securities involves risks. See “[Risk Factors](#)” on page 2 of this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is true or accurate. Selling these securities may be a violation of the securities laws if this prospectus contains any untrue or misleading statements or omits material information. Selling these securities may be a criminal offense if the prospectus contains any untrue or misleading statements or omits material information.

The date of this prospectus is February 28, 2011

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You should rely only on the information contained or incorporated by reference in this prospectus and in any accompanying prospectus supplement or in any re authorized anyone to provide you with different information. This document may only be used where it is legal to sell these securities. You should only assume that the reference in this prospectus or in any accompanying prospectus supplement or any related free writing prospectus is accurate as of the respective date on the front of condition, results of operations and prospects may have changed since that date. We are not making an offer of these securities in any state where the offer is not per

[Table of Contents](#)**ABOUT THIS PROSPECTUS**

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission, or the SEC, as a “well-known seasoned issuer” under the Securities Act of 1933, as amended, or the Securities Act. By using an automatic shelf registration statement, we may, at any time and from time to time, sell debt securities and equity securities in one or more offerings in an unlimited amount. As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement, including its exhibits. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If an agreement or document is filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters.

This prospectus provides you with a general description of the securities we may offer. Each time we use this prospectus to offer securities, we will provide you with a prospectus supplement containing specific amounts, prices and terms of the securities being offered. The prospectus supplement may also add, update or change information contained in this prospectus. Therefore, when you receive information in this prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement.

To understand the terms of our securities, you should carefully read this document and the applicable prospectus supplement. Together, they provide the specific terms of the securities. We have referred you to under “Where You Can Find More Information” below for information on our company, the risks we face and our financial statements. You should also read at the SEC’s Web site or at the SEC as described under “Where You Can Find More Information.”

Except as otherwise identified, references in this prospectus to the “company,” “we,” “us” and “our” refer to Philip Morris International Inc. and its subsidiaries.

References herein to “\$,” “dollars” and “U.S. dollars” are to United States dollars, and financial data included or incorporated by reference herein have been presented in accordance with accounting principles generally accepted in the United States of America.

WHERE YOU CAN FIND MORE INFORMATION

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the SEC. These filings are available to the public over the Internet at the SEC’s Web site at www.sec.gov or at our Web site at www.pmi.com (as noted below, the information contained in, or incorporated by reference into, a part of this prospectus or part of any prospectus supplement). You may also read and copy any document we file with the SEC at its public reference room at 100 F Street, N.E., Washington, D.C. 20549, or at the office of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

You may also obtain copies of this information at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549, or at the office of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, for further information on the operation of the public reference room.

Our SEC filings are available at the office of the New York Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, please contact the New York Stock Exchange at (212) 512-2000.

[Table of Contents](#)**DOCUMENTS INCORPORATED BY REFERENCE**

The SEC allows us to “incorporate by reference” into this prospectus information that we file with the SEC. This means that we can disclose important information to you. Information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede any inconsistent information in this prospectus and any other filings with the SEC.

We incorporate by reference the following documents that we previously filed with the SEC (other than information in such documents that is deemed not to be filed), a No. 001-33708:

- our Annual Report on Form 10-K for the year ended December 31, 2010;
- the portions of our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 1, 2010 that are incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2009; and
- our Current Reports on Form 8-K filed with the SEC on January 6, 2011, February 10, 2011 (the Item 8.01 Form 8-K only) and February 11, 2011.

These documents contain important information about our business and our financial performance.

We also incorporate by reference any future filings we make with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, on or after the date of the termination of the offering, all of which will be filed under SEC File No. 001-33708. Our future filings with the SEC will automatically update and supersede any inconsistent information in this prospectus.

You may obtain a free copy of these filings from us by telephoning or writing to us at the following address and telephone number:

Philip Morris International Inc.
120 Park Avenue
New York, New York 10017
Attention: Corporate Secretary
Telephone: (917) 663-2000

[Table of Contents](#)**FORWARD-LOOKING AND CAUTIONARY STATEMENTS**

Some of the information included or incorporated by reference in this prospectus and the applicable prospectus supplement contain forward-looking statements. You can identify these statements by the use of words such as “strategy,” “expects,” “continues,” “plans,” “anticipates,” “believes,” “will,” “estimates,” “intends,” “projects,” “goals,” “targets” and other words of similar meaning. It is important to understand the fact that they do not relate strictly to historical or current facts.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to a number of risks, including inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated. You should bear this in mind as you consider forward-looking statements and whether to invest in or remain invested in our securities. In connection with the “safe harbor” provision of the Private Securities Litigation Reform Act of 1995, we have identified important factors in the documents incorporated by reference that, individually or in the aggregate, could cause actual results and outcomes to differ from those anticipated in our forward-looking statements made by us; any such statement is qualified by reference to these cautionary statements. We elaborate on these and other risks we face in the documents incorporated by reference. It is not possible to predict or identify all risk factors. Consequently, you should not consider risks discussed in the documents incorporated by reference to be a complete discussion of all risks. We do not undertake to update any forward-looking statement that we may make from time to time except in the normal course of our public disclosure obligations.

[Table of Contents](#)**THE COMPANY****General**

We are a Virginia holding company incorporated in 1987. Our subsidiaries and affiliates and their licensees are engaged in the manufacture and sale of cigarettes and other tobacco products in the United States of America. Our products are sold in approximately 180 countries and, in many of these countries, they hold the number one or number two market share position. Our portfolio includes high- and low-price brands. Our portfolio comprises both international and local brands.

Our portfolio of international and local brands is led by *Marlboro*, the world's best selling international cigarette, which accounted for approximately 33% of our total sales. The premium-price category is complemented in the premium-price category by *Merit*, *Parliament* and *Virginia Slims*. Our leading mid-price brands are *L&M* and *Chesterfield*. Other leading international brands include *Next*, *Philip Morris* and *Red & White*.

We also own a number of important local brands, such as *Sampoerna A*, *Dji Sam Soe* and *Sampoerna Hijau* in Indonesia, *Fortune*, *Champion* and *Hope* in the Philippines, *Apollo-Soyuz* in Russia, *Morven Gold* in Pakistan, *Boston* in Colombia, *Belmont*, *Canadian Classics* and *Number 7* in Canada, *Best* and *Classic* in Serbia, *f6* in Germany, *D* in the Czech Republic and *Petra* in the Czech Republic and Slovakia. While there are a number of markets where local brands remain important, international brands are expanding their share in number of markets and accounted for approximately 70% of our shipment volume in 2010.

Our principal executive offices are located at Philip Morris International Inc., 120 Park Avenue, New York, New York 10017, our telephone number is (917) 663-2000. Information contained in, or that can be accessed through, our Web site is not a part of this prospectus or any prospectus supplement.

Other

We are a legal entity separate and distinct from our direct and indirect subsidiaries. Accordingly, our right, and thus the right of our creditors and stockholders, to participate in the assets of any subsidiary is subject to the prior claims of creditors of such subsidiary, except to the extent that claims of our company itself as a creditor may be recognized. As a holding company, our principal source of funds, including funds to make payment on the debt securities, are from the payment of dividends and repayment of debt from our subsidiaries. Our principal wholly owned and major subsidiaries are not subject to long-term debt or other agreements in their ability to pay cash dividends or to make other distributions with respect to their common stock.

[Table of Contents](#)**RISK FACTORS**

Our business is subject to uncertainties and risks. You should carefully consider and evaluate all of the information included and incorporated by reference in this prospectus supplement, as well as any risk factors we may describe in any subsequent periodic reports or information. Our business, financial condition, liquidity or results of operations could be materially adversely affected by any of these risks.

USE OF PROCEEDS

Unless we otherwise state in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the debt securities and debt warrants and the net proceeds from the sale of the debt securities and debt warrants, for general corporate purposes. General corporate purposes may include repayment of debt, additions to working capital, capital expenditures, investments in our subsidiaries, repurchase, redemption or retirement of securities, including shares of our common stock. The net proceeds may be temporarily invested or applied to repay short-term or revolving debt.

We expect to issue long-term and short-term debt from time to time. The nature and amount of our long-term and short-term debt and the proportionate amount of each class of debt will be determined by the result of business requirements, market conditions and other factors.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical ratios of earnings available for fixed charges to fixed charges for the periods indicated. This information should be read in conjunction with the financial statements and the accompanying notes incorporated by reference in this prospectus.

	Year Ended December 31		
	2010	2009	2008
Ratios of earnings to fixed charges	10.7	10.2	10.1

Earnings available for fixed charges represent earnings before income taxes, noncontrolling interest and cumulative effect of accounting change(s) and fixed charges expense, reduced by undistributed earnings (losses) of our less than 50% owned affiliates. Fixed charges represent interest expense, amortization of debt discount and expenses and capitalized interest estimated to be the equivalent of interest.

[Table of Contents](#)**DESCRIPTION OF DEBT SECURITIES**

The debt securities covered by this prospectus will be our direct unsecured obligations. The debt securities will be issued in one or more series under an indenture dated [redacted] with Bank USA, National Association, as trustee.

This prospectus briefly describes the material indenture provisions. Those descriptions are qualified in all respects by reference to the actual text of the indenture. For more information, you should read the entire prospectus supplement, which contains only the section of the indenture that is principally applicable to that part of the summary. A copy of the indenture is listed as an exhibit to the registration statement of which this prospectus is a part, and is incorporated herein by reference. See “Where You Can Find More Information” for information on how to obtain a copy. You should also refer to the Trust Indenture Act of 1939, or the Trust Indenture Act, for more detailed provisions of the indenture, including the defined terms, for provisions that may be important to you. You should also read the particular terms of a series of debt securities in the applicable prospectus supplement.

The material financial, legal and other terms particular to debt securities of each series will be described in the prospectus supplement relating to the debt securities of each series. The material provisions of the indenture and the debt securities of each series will be attached to the front of this prospectus. The following briefly summarizes the material provisions of the indenture and the debt securities of each series as they will be disclosed in an accompanying prospectus supplement. The prospectus supplement will also state whether any of the terms summarized below do not apply to the series of debt securities. For more detailed provisions of the indenture, including the defined terms, for provisions that may be important to you. You should also read the particular terms of a series of debt securities in the applicable prospectus supplement.

Prospective purchasers of debt securities should be aware that special United States federal income tax, accounting and other considerations not addressed in this prospectus supplement may apply to the debt securities. The prospectus supplement relating to an issue of debt securities will describe these considerations, if they apply.

Capitalized terms used below are defined under “Defined Terms.” In this “Description of Debt Securities” section, references to “we,” “us” and “our” are only to Phillips 66 and its subsidiaries.

General

The debt securities will rank equally with all of our other unsecured and unsubordinated debt. The indenture does not limit the amount of debt we may issue under the indenture. Debt securities may be issued up to the aggregate principal amount authorized by a board resolution. We may issue the debt securities from time to time in one or more series with the same or at a premium. The prospectus supplement relating to any debt securities being offered will include specific terms relating to the offering, including the particular amount, price and other terms. The terms will include some or all of the following:

- the title of the debt securities;
- any limit upon the aggregate principal amount of the debt securities;
- the date or dates on which the principal of the debt securities will be payable or their manner of determination;
- if the securities will bear interest:
 - i the interest rate or rates;
 - i the date or dates from which any interest will accrue;

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- i the interest payment dates for the debt securities; and
- i the regular record date for any interest payable;

or, in each case, their method of determination;

- the place or places where the principal of, and any premium and interest on, the debt securities will be payable;
- the period or periods within which, the price or prices at which, the currency or currency unit in which and the terms on which any of the debt securities will be payable, our option, and any remarketing arrangements;
- the terms on which we would be required to redeem, repay or purchase debt securities required by any sinking fund, mandatory redemption or similar provision, which, the price or prices at which, the currency or currency unit in which and the terms and conditions on which the debt securities will be so redeemed;
- if denominations other than \$1,000 or any integral multiple of \$1,000, the denominations in which the debt securities will be issued;
- the portion of the principal amount of the debt securities that is payable on the declaration of acceleration of the maturity, if other than their entire principal amount, include original issue discount, or OID, debt securities or indexed debt securities, which are each described below;
- any trustees, paying agents, transfer agents, registrars, depositaries or similar agents with respect to the debt securities;
- currency or currency units in which the debt securities will be denominated and payable, if other than U.S. dollars;
- whether the amounts of payments of principal of, and any premium and interest on, the debt securities are to be determined with reference to an index, and in which such amounts will be determined;
- whether the debt securities will be issued in whole or in part in the form of global securities and, if so, the depositary, if any, for the global securities and the circumstances under which any temporary global debt securities may be exchanged for definitive debt securities);
- whether the debt securities will be convertible or exchangeable into other of our or another company's securities and the terms and conditions of any such conversion or exchange;
- any special tax implications of the debt securities, including whether and under what circumstances, if any, we will pay additional amounts under a United States person for tax payments, assessments or other governmental charges and whether we have the option to redeem the debt securities with the additional amounts instead of paying the additional amounts;
- the form of the debt securities;
- whether and to what extent the debt securities are subject to defeasance on terms different from those described under the heading "Defeasance";
- if the debt securities bear no interest, any dates on which lists of holders of these debt securities must be provided to the trustee;
- any addition to, or modification or deletion of, any event of default or any covenant specified in the indenture; and

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- any other specific terms of the debt securities.
- (Section 301)

We may issue debt securities as OID debt securities. OID debt securities bear no interest or bear interest at below-market rates and are sold at a discount below their securities, the prospectus supplement will contain the issue price of the securities and the rate at which and the date from which discount will accrete.

We may also issue indexed debt securities. Payments of principal of, and any premium and interest on, indexed debt securities are determined with reference to the rate of exchange of the currency unit in which the debt security is denominated and any other currency or currency unit specified by us, to the relationship between two or more currencies or currency units, to the price of one or more commodities, to one or more securities or commodities exchange indices or other indices or by other similar methods or formulas, all as specified in the prospectus supplement.

We may issue debt securities other than the debt securities described in this prospectus. There is no requirement that any other debt securities that we issue be issued under the same indenture that we issue may be issued under other indentures or documentation containing provisions different from those included in the indenture or applicable to one or more issues of the same series of securities. (Section 301)

Consolidation, Merger or Sale

Under the indenture, we may not consolidate with or merge into any other corporation or convey or transfer our properties and assets substantially as an entirety to any other corporation.

- the corporation formed by such consolidation or into which we are merged or the person which acquires by conveyance or transfer our properties and assets substantially as an entirety; or
- a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia and expressly assumes, by a supplemental indenture, to indemnify the individuals liable therefor for the amount of any premium and interest (including any additional amounts payable) on all the debt securities and the performance of every covenant of the indenture;
- after giving effect to the transaction, no Event of Default with respect to any series of debt securities, and no event which, after notice or lapse of time, will have happened and be continuing;
- the successor corporation assuming the debt securities agrees, by supplemental indenture, to indemnify the individuals liable therefor for the amount of any premium and interest (including any additional amounts payable) on all the debt securities and the performance of every covenant of the indenture;
- as a result of such assumption in respect of debt securities held by individuals who are not citizens or residents of the United States at the time of the transaction;
- we deliver to the trustee an officers' certificate and an opinion of counsel, each stating that the consolidation, merger, conveyance or transfer and the assumption of the debt securities comply with the provisions.

(Section 801)

The successor corporation will assume all of our obligations under the indenture as if it were an original party to the indenture. After assuming such obligations, the successor corporation will exercise all of our rights and powers under the indenture. (Section 802)

Table of Contents**Waivers Under the Indenture**

Under the indenture, the holders of not less than a majority in aggregate principal amount of all affected series of the outstanding debt securities (voting as a single class) may waive or agree to waive any past default under the indenture, except:

- waive our compliance with certain covenants of the indenture; and (Section 1009)
- waive any past default under the indenture, except:
 - i a default in the payment of the principal of, or any premium or interest on, any debt securities; and
 - i a default with respect to a covenant or provision of the indenture which itself cannot be modified or amended without the consent of the holders of a majority in aggregate principal amount of the affected series (in each case voting as a single class);

Events of Default

When we use the term “Event of Default” in the indenture with respect to a particular series of debt securities, we mean any of the following:

- we fail to pay any installment of interest on any debt security of that series for 30 days after payment was due;
- we fail to make payment of the principal of, or any premium on, any debt security of that series when due;
- we fail to make any sinking fund payment when due with respect to debt securities of that series;
- we fail to perform, or breach, any other covenant or warranty in respect of any debt security of that series contained in the indenture or in such debt security or in any supplemental indenture or form of security for such series under which such series is issued and this failure or breach continues for 90 days after we receive written notice of it from the trustee or holders of a majority in aggregate principal amount of the outstanding series of the debt securities or, with respect to any such covenant or agreement which is not applicable to all series of debt securities, the trustee or holders of a majority in aggregate principal amount of the affected series (in each case voting as a single class);
- we or a court take certain actions relating to bankruptcy, insolvency or reorganization of our company; or
- any other event of default that may be specified for the debt securities of the series or in the board resolution with respect to the debt securities of the series.

The supplemental indenture or the form of security for a particular series of debt securities may include additional Events of Default or changes to the Events of Default. Any Events of Default applicable to a particular series of debt securities will be described in the prospectus supplement relating to such series.

A default with respect to a single series of debt securities under the indenture will not necessarily constitute a default with respect to any other series of debt securities or any other indebtedness will not be a default under the indenture. The trustee may withhold notice to the holders of debt securities of any default, except for defaults that involve our interest, if it determines in good faith that the withholding of notice is in the interest of the holders. (Section 602)

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If an Event of Default for any series of debt securities occurs and continues (other than an Event of Default involving our bankruptcy, insolvency or reorganization), either the aggregate principal amount of all outstanding series of the debt securities to which it is applicable or, if such default is not applicable to all series of the debt securities, the holder of the series to which it is applicable (in each case voting as a single class) may require us upon notice in writing to us, to immediately repay the entire principal (or, in the case of (a) provided in those OID debt securities or (b) indexed debt securities, an amount determined by the terms of those indexed debt securities), of all the debt securities of such series of debt securities.

If an Event of Default occurs which involves our bankruptcy, insolvency or reorganization, then all unpaid principal amounts (or, if the debt securities are (a) OID debt securities or (b) indexed debt securities, an amount determined by the terms of those indexed debt securities), of all the debt securities of such series together with accrued interest on all debt securities of each series then outstanding will immediately become due and payable, without any action by the trustee or any holder of debt securities.

Subject to certain conditions, the holders of a majority in principal amount of the outstanding debt securities of a series may rescind a declaration of acceleration if all principal or interest due solely because of the declaration of acceleration, have been cured or waived. (Section 502)

Other than its duties in case of an Event of Default, the trustee is not obligated to exercise any of its rights or powers under the indenture at the request, order or direction of the trustee reasonable indemnity. (Section 507) The holders of a majority in principal amount outstanding of any series of debt securities may, subject to certain limitations, direct the trustee to proceed for any remedy available to the trustee, or exercising any power conferred upon the trustee, for any series of debt securities. (Section 512)

The indenture requires us to file each year with the trustee, an officer's certificate that states that:

- the signing officer has supervised a review of our activities during such year and performance under the indenture; and
- to the best of his or her knowledge, based on the review, we comply with all conditions and covenants of the indenture. (Section 1005)

A judgment for money damages by courts in the United States, including a money judgment based on an obligation expressed in a foreign currency, will ordinarily be rendered in U.S. dollars. The law provides that a court shall render a judgment or decree in the foreign currency of the underlying obligation and that the judgment or decree shall be converted into U.S. dollars at the rate of exchange of the judgment or decree. If a court requires a conversion to be made on a date other than a judgment date, the indenture requires us to pay additional amounts necessary to make the amount due to the holder is equal to the amount due in such foreign currency or currency unit. (Section 515)

Payment and Transfer

We will pay the principal of, and any premium and interest on, debt securities at the place or places that we will designate for such purposes. We will make payment to the holder of the debt securities if they are registered on the close of business on the day or days that we will specify in accordance with the indenture. We will pay the principal of, and any premium on, debt securities. Any other payments will be made as set forth in the applicable prospectus supplement. Holders may transfer or exchange debt securities at the corporate trust office of the trustee for such purposes, without the payment of any service charge except for any tax or governmental charge. (Section 307)

[Table of Contents](#)**Restrictive Covenants**

The indenture includes the following restrictive covenants:

Limitations on Liens

The indenture limits the amount of liens that we or our Subsidiaries may incur or otherwise create, in order to secure indebtedness for borrowed money, upon any Principal Facility has issued to us or any of our Subsidiaries. If we or any of our Subsidiaries incur such liens, then we will secure the debt in proportion as the debt that is secured by such liens. This covenant does not apply, however, to any of the following:

- in the case of a Principal Facility, liens incurred in connection with the issuance by a state or political subdivision thereof of any securities the interest on which is exempt from federal income taxes by virtue of Section 103 of the Internal Revenue Code of 1986, as amended, or any other laws or regulations in effect at the time of such issuance;
- liens existing on the date of the indenture;
- liens on property or shares of capital stock existing at the time we or any of our Subsidiaries acquire such property or shares of stock (including acquisition by merger or consolidation) or securing the payment of all or part of the purchase price, construction or improvement thereof incurred prior to, at the time of, or subsequent to the completion of construction or improvement or commencement of full operation of such property for the purpose of financing all or a portion of such construction or improvement;
- liens for the sole purpose of extending, renewing or replacing in whole or in part the indebtedness secured by any lien referred to in the foregoing subsections, *provided, however*, that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the lien so extended, renewed or replaced (including such property).

Notwithstanding the foregoing, we and/or any of our Subsidiaries may create, assume or incur liens that would otherwise be subject to the restriction described above, in order to secure the payment of all or part of the purchase price, construction or improvement thereof incurred prior to, at the time of, or subsequent to the completion of construction or improvement or commencement of full operation of such property for the purpose of financing all or a portion of such construction or improvement, if the aggregate value of all outstanding indebtedness secured by the liens plus the value of Sale and Leaseback Transactions does not at the time of such creation, assumption or incurrence exceed 15% of our Consolidated Net Tangible Assets. (Section 1007)

At December 31, 2010, our Consolidated Net Tangible Assets were \$6.6 billion.

Sale and Leaseback Transactions

A Sale and Leaseback Transaction by us or any of our Subsidiaries of any Principal Facility is prohibited, unless within 90 days of the effective date of the arrangement, the net proceeds of the sale of the property leased pursuant to the Sale and Leaseback Transaction or the fair value of the property at the time of entering into the Sale and Leaseback Transaction (the "value") is applied by us to the retirement of non-subordinated indebtedness for money borrowed with more than one year stated maturity, including our debt securities, to the extent that the "value" thereof plus the other secured debt referred to in the penultimate paragraph above in the subsection entitled "Restrictive Covenants — Liens" does not exceed 15% of our Consolidated Net Tangible Assets. (Section 1008)

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There are no other restrictive covenants in the indenture. The indenture does not require us to maintain any financial ratios, minimum levels of net worth or liquidity or makeup of asset sales, the payment of dividends, the making of other distributions on our capital stock or the redemption or purchase of our capital stock. Moreover, the indenture does not require us to repurchase or redeem any debt securities or debt warrants or modify the terms thereof or afford the holders thereof any other protection in the event of our change of control, any event of default involving us that may materially adversely affect our creditworthiness or the value of the debt securities or debt warrants.

Defined Terms

We define Subsidiaries as any corporation of which at least a majority of all outstanding stock or other interests having ordinary voting power in the election of directors is owned at the time, directly or indirectly, owned or controlled by us or by one or more Subsidiaries or by us and one or more Subsidiaries. (Section 101)

We define Principal Facility as all real property constituting part of any manufacturing plant or distribution facility owned and operated by us or any Subsidiary, together with all fixtures, equipment, furniture, and other personal property, including all attached plumbing, electrical, ventilating, heating, cooling, lighting and other utility systems, ducts and pipes, but excluding trade fixtures, business machinery, equipment, supplies and materials, security systems, cameras, inventory and other personal property and materials. The term Principal Facility shall not include any particular manufacturing facility or distribution facility on any date unless its net book value exceeds 0.75% of Consolidated Net Tangible Assets. (Section 1007)

We define a Sale and Leaseback Transaction as the sale or transfer of a Principal Facility with the intention of taking back a lease of the property, except a lease for a term of more than 10 years, including renewals, with the intent that the use by us or any Subsidiary will be discontinued on or before the expiration of such period. (Section 1008)

We define Consolidated Net Tangible Assets as the excess over current liabilities of all assets appearing on our most recent quarterly or annual consolidated balance sheet, including the minority interests of others in Subsidiaries. (Section 101)

Global Securities

We may issue the securities in whole or in part in the form of one or more global securities that will be deposited with, or on behalf of, a depositary identified in the applicable prospectus supplement.

We may issue the global securities in either temporary or permanent form. We will describe the specific terms of the depositary arrangement with respect to a series of global securities in the applicable prospectus supplement. We anticipate that the following provisions will apply to all depositary arrangements.

Once a global security is issued, the depositary will credit on its book-entry system the respective principal amounts of the individual securities represented by that global security to the accounts of the holders. We and our Subsidiaries do not have accounts with the depositary. These institutions are known as participants.

The underwriters for the securities will designate the accounts to be credited. However, if we have offered or sold the securities either directly or through agents, we will designate the accounts to be credited.

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Ownership of beneficial interests in a global security will be limited to participants or persons that may hold beneficial interests through participants. Ownership of beneficial interests in a global security as shown on, and the transfer of that ownership will be effected only through, records maintained by the depositary's participants or persons that may hold through participants. Those laws may limit the market for beneficial interests in a global security.

So long as the depositary for a global security, or its nominee, is the registered owner of a global security, the depositary or nominee will be considered the sole owner of the global security for all purposes under the indenture. Except as provided in the applicable prospectus supplement, owners of beneficial interests in a global security:

- will not be entitled to have securities represented by global securities registered in their names;
- will not receive or be entitled to receive physical delivery of securities in definitive form; and
- will not be considered owners or holders of these securities under the indenture.

Payments of principal of, and any premium and interest on, the individual securities registered in the name of the depositary or its nominee will be made to the depositary or its nominee as the owner of the global security.

Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a global security. We will not supervise or review any records relating to beneficial ownership interests and each of us and the trustee may act or refrain from acting without liability on any information so furnished.

We expect that the depositary, after receiving any payment of principal of, and any premium and interest on, a global security, will immediately credit the accounts of the participants proportionate to their respective holdings in principal amount of beneficial interest in a global security as shown on the records of the depositary. We also expect that payments of principal of, and any premium and interest on, a global security will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form, and will be the responsibility of such participants.

Debt securities represented by a global security will be exchangeable for debt securities in definitive form of like tenor in authorized denominations only if:

- the depositary notifies us that it is unwilling or unable to continue as the depositary and a successor depositary is not appointed by us within 90 days;
- we deliver to the trustee for securities of such series in registered form a company order stating that the securities of such series shall be exchangeable for debt securities in definitive form of like tenor in authorized denominations only; or
- an Event of Default has occurred and is continuing with respect to securities of such series.

Unless and until a global security is exchanged in whole or in part for debt securities in definitive certificated form, it may not be transferred or exchanged except as a global security.

You may transfer or exchange certificated securities at any office that we maintain for this purpose in accordance with the terms of the indenture. We will not charge a commission for the transfer or exchange of certificated securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge that we are required to pay in connection with a transfer or exchange.

[Table of Contents](#)**Registration of Transfer**

You may effect the transfer of certificated securities and the right to receive the principal of, and any premium and interest on, certificated securities only by surrendering securities and either reissuance by us or the trustee of the certificate to the new holder or the issuance by us or the trustee of a new certificate to the new holder.

We are not required to:

- issue, register the transfer of or exchange securities of any series during a period beginning at the opening of business 15 days before the day we transfer the series selected for redemption and ending at the close of business on the day of the transmission; or
 - register the transfer of or exchange any security so selected for redemption in whole or in part, except the unredeemed portion of any security being redeemed.
- (Section 305)

Exchange

At your option, you may exchange your debt securities of any series, except a global security, for an equal principal amount of other debt securities of the same series held by us or to our designated agent.

We may at any time exchange debt securities issued as one or more global securities for an equal principal amount of debt securities of the same series in definitive form or new debt securities in definitive registered form in the same aggregate principal amount as the global securities being exchanged.

The depositary of the global securities may also decide at any time to surrender one or more global securities in exchange for debt securities of the same series in definitive form or new debt securities in definitive form to the persons specified by the depositary, in an aggregate principal amount equal to, and in exchange for, each person's beneficial interest in the global securities.

Notwithstanding the above, we will not be required to exchange any debt securities if, as a result of the exchange, we would suffer adverse consequences under any U.S. law.

Defeasance*Legal Defeasance*

Unless otherwise specified in the prospectus supplement, we can legally release ourselves from all of our obligations, with certain limited exceptions, on any series of debt securities. In order to achieve legal defeasance:

- we must deposit, or cause to be deposited, in trust for the benefit of all holders of that series of debt securities an amount of cash in the currency or currencies in which the debt securities is payable, direct obligations of the government that issued the currency in which that series of debt securities is payable or a combination of the foregoing that will enable us to make interest, principal, premium and any other payments on that series of debt securities on their due date or redemption date;
- we have delivered to the trustee an opinion of counsel confirming that (1) we have received from, or there has been published by, the U.S. Internal Revenue Service a ruling that the debt securities will be treated as tax-exempt for federal income tax purposes.

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issuance date of the debt securities, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based on the assumption that holders of the debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the legal defeasance and will pay the same amounts, in the same manner and at the same times as would have been the case if the legal defeasance had not occurred;

- no Event of Default or event that with the giving of notice or passage of time, or both, would become an Event of Default shall have occurred and be continuing on the 123rd day after the date above and no Event of Default described in the fifth bullet point under “Events of Default” shall have occurred and be continuing on the 123rd day after the date above;
- such defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which we are a party;
- we have delivered to the trustee an officers’ certificate and an opinion of counsel in each stating that all conditions precedent provided for or relating to the defeasance have been complied with.

Covenant Defeasance

Unless specified in the prospectus supplement, we can make the same type of deposit described above under “Defeasance—Legal Defeasance” and be released from the obligations of the debt securities. This is called covenant defeasance. In order to achieve covenant defeasance:

- we must deposit, or cause to be deposited, in trust for the benefit of all holders of that series of debt securities an amount of cash in the currency or currencies in which the debt securities is payable, direct obligations of the government that issued the currency in which that series of debt securities is payable or a combination of the foregoing that will make interest, principal, premium and any other payments on that series of debt securities on their due date or redemption date;
- we have delivered to the trustee an opinion of counsel confirming that holders of the debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the legal defeasance had not occurred;
- no Event of Default or event that with the giving of notice or passage of time, or both, would become an Event of Default shall have occurred and be continuing on the 123rd day after the date above and no Event of Default described in the fifth bullet point under “Events of Default” shall have occurred and be continuing on the 123rd day after the date above;
- such defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which we are a party;
- we have delivered to the trustee an officers’ certificate and an opinion of counsel in each stating that all conditions precedent provided for or relating to the defeasance have been complied with.

If we accomplish covenant defeasance, the following provisions, among others, of the indenture and the debt securities would no longer apply:

- our promises previously described under “Restrictive Covenants—Limitation on Liens;”
- our promises previously described under “Restrictive Covenants—Sale and Leaseback Transactions;”

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- the events of default relating to breach of such covenants, described under “Events of Default;” and
- certain other covenants applicable to the series of debt securities and described in the prospectus supplement.

(Sections 402-404)

Payments of Unclaimed Moneys

Moneys deposited with the trustee or any paying agent for the payment of principal of, or any premium and interest on, any debt securities that remain unclaimed for two years after the date of maturity or the date of redemption, or the date the law requires otherwise. If this happens and you want to claim these moneys, you must look to us and not to the trustee or paying agent. (Section 409)

Supplemental Indentures Not Requiring Consent of Holders

Without the consent of any holders of debt securities, we and the trustee may supplement the indenture, among other things, to:

- pledge property to the trustee as security for the debt securities;
- reflect that another entity has succeeded us and assumed the covenants and obligations of us under the debt securities and the indenture;
- cure any ambiguity or inconsistency in the indenture or in the debt securities or make any other provisions necessary or desirable, as long as the indenture is not adversely affected in any material respect;
- establish the form and terms of any series of debt securities as provided in the indenture;
- add to our covenants further covenants for the benefit of the holders of debt securities, and if the covenants are for the benefit of less than all series of debt securities, specify which series are entitled to benefit;
- add any additional event of default and if the new event of default applies to fewer than all series of debt securities, stating to which series it applies;
- change the trustee or provide for an additional trustee; or
- modify the indenture in order to continue its qualification under the Trust Indenture Act or as may be necessary or desirable in accordance with any applicable law.

(Section 901)

Supplemental Indentures Requiring Consent of Holders

With the consent of the holders of not less than a majority in principal amount of all series of the debt securities that would be affected by a modification of the indenture, we and the trustee may supplement the indenture or modify in any way the terms of the indenture or the rights of the holders of the debt securities of such series. However, without the consent of the holders of the debt securities affected by that modification, we and the trustee may not:

- modify the maturity date of, or any installment of principal or interest on, any debt security, or reduce the principal of, or premium on, or change the method of payment of principal or interest on any debt security;
- reduce the rate of or change the time for payment of interest on any debt security or, in the case of OID debt securities, reduce the rate of accretion or the amount of OID on any debt security;

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- change any of our obligations to pay additional amounts under the indenture;
- reduce or alter the method of computation of any amount payable upon redemption, repayment or purchase of any debt security by us, or the time when payment is to be made;
- make the principal or interest on any debt security payable in a currency other than that stated in the debt security or change the place of payment;
- reduce the amount of principal due on an OID debt security upon acceleration of maturity or provable in bankruptcy or reduce the amount payable upon acceleration of maturity or provable in bankruptcy;
- impair any right of repayment or purchase at the option of any holder of debt securities;
- reduce the right of any holder of debt securities to receive or sue for payment of the principal or interest on a debt security that would be due and payable upon redemption; or
- reduce the percentage in principal amount of the outstanding debt securities required to supplement the indenture or to waive any of its provisions.

(Section 902)

A supplemental indenture that modifies or eliminates a provision that has been included solely for the benefit of the holders of one or more series of debt securities will not affect the rights of holders of other series of debt securities.

As described in the first paragraph of this subsection, as well as above under “Waivers Under the Indenture” and “Events of Default” above, the indenture provides for certain debt securities that may be affected (voting as a single class) will be permitted to approve certain waivers or amendments that affect all such series of debt securities. Therefore, series of debt securities (voting as a single class) may, in certain circumstances, approve waivers or amendments applicable to a class of debt securities that is also affected by such waiver or amendment and that does not affect the amendment.

Redemption

The specific terms of any redemption of a series of debt securities will be contained in the prospectus supplement for that series. We must send notice of redemption to the holders of the debt securities 30 days prior to the redemption date. The notice will specify:

- the redemption date;
- the redemption price;
- the place or places of payment;
- the CUSIP or ISIN number of the debt securities being redeemed;
- in the case of partial redemption, the principal amount being redeemed;
- whether the redemption is pursuant to a sinking fund; and
- that on the redemption date, interest, or, in the case of OID debt securities, original issue discount, will cease to accrue.

(Section 1104)

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On or before any redemption date, we will deposit an amount of money with the trustee or with a paying agent sufficient to pay the redemption price. (Section 1105)

If less than all the debt securities are being redeemed, we may select the particular series to be redeemed; if less than all the debt securities of a series are being redeemed, we may select the particular securities to be redeemed. (Section 1103) After the redemption date, holders of debt securities which were redeemed will have no rights with respect to the debt securities and will receive the redemption price and any unpaid interest to the redemption date. (Section 1106)

Concerning the Trustee

HSBC Bank USA, National Association is the trustee under the indenture. HSBC Bank USA, National Association or its affiliates makes loans to and performs certain services for our subsidiaries and affiliates. Among other services, HSBC Bank USA, National Association or its affiliates provide us and our affiliates with investment banking and cash management, custody account services, and participate in our credit facilities and those of our affiliates.

Governing Law

The laws of the State of New York govern the indenture and will govern the debt securities. (Section 112)

DESCRIPTION OF DEBT WARRANTS

We may issue debt warrants in registered certificated form for the purchase of debt securities. We may issue debt warrants separately or together with any debt securities. If issued together with any debt securities, debt warrants may be attached to or separate from such debt securities. Debt warrants will be issued under debt warrant agreements to which we, as debt warrant agent, all as set forth in the prospectus supplement relating to the particular issue of debt warrants. The debt warrant agent will act solely as our agent and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants. A form of debt warrant agreement, including a form of debt warrant certificate and provisions of a particular issue of debt warrants, will be filed with the SEC in connection with the offering and incorporated by reference in the registration statement of which this prospectus supplement is a part. You can find more information on how to obtain copies of any form of debt warrant agreement that has been filed. Summaries of certain provisions of the debt warrant agreement and debt warrant certificate will follow. You should read the more detailed provisions of the forms of debt warrant agreement and debt warrant certificate and any additional terms relating to the particular issue of debt warrants in detail in the applicable prospectus supplement, for additional information before you buy any debt warrants.

General

The prospectus supplement will describe the terms of the debt warrants offered thereby, the debt warrant agreements relating to such debt warrants and the debt warrants themselves, including the following:

- the offering price;
- the designation, aggregate principal amount and terms of the debt securities purchasable upon exercise of the debt warrants;
- if applicable, the designation and terms of the debt securities with which the debt warrants are issued and the number of debt warrants issued with each debt security.

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- if applicable, the date on and after which the debt warrants and the related debt securities will be separately transferable;
- the principal amount of debt securities purchasable upon exercise of one debt warrant and the price at which such principal amount of debt securities will be purchasable, and the provisions for changes to or adjustments in the exercise price;
- the date on which the right to exercise the debt warrants will commence and the date on which such right will expire;
- the maximum or minimum number of warrants which may be exercised at any time;
- United States federal income tax consequences;
- the identity of the debt warrant agent; and
- any other terms of the debt warrants.

Debt warrant certificates may be exercised, and those that have been issued separately or, if issued together with debt securities, once detachable, may be exchanged for cash or debt securities of other denominations and may be presented for registration of transfer at the corporate trust office of the debt warrant agent or any other office indicated in the applicable prospectus supplement. If a debt warrant is immediately detachable from a debt security, it may be exchanged or transferred only with the debt securities to which it was initially attached, and only in connection with the exercise of the debt warrants for the purchase of debt securities will be in registered form only.

Exercise of Debt Warrants

Each debt warrant will entitle its holder to purchase for cash such principal amount of debt securities at such exercise price as will in each case be set forth in, or calculated in accordance with, the prospectus supplement relating to the debt warrants. Each holder of a debt warrant may exercise it at any time up to 5:00 p.m., New York City time, on the debt warrant expiration date set forth in the prospectus supplement. After such time, or such later date to which such debt warrant expiration date may be extended by us, unexercised debt warrants will be void.

[Table of Contents](#)**PLAN OF DISTRIBUTION**

We may sell the securities offered pursuant to this prospectus in any of the following ways:

- directly to one or more purchasers;
- through agents;
- through underwriters, brokers or dealers; or
- through a combination of any of these methods of sale.

We will identify the specific plan of distribution, including any underwriters, brokers, dealers, agents or direct purchasers and their compensation in a prospectus supplement.

LEGAL MATTERS

The validity of the securities offered by this prospectus and any prospectus supplement will be passed upon for us by Hunton & Williams LLP, New York, New York, and Simpson Thacher & Bartlett LLP, New York, New York. Simpson Thacher & Bartlett LLP will rely upon Hunton & Williams LLP as to matters of Virginia law. Sutherland Asbill & Brennan LLP is representing us with respect to United States federal tax laws.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in the Report of Independent Registered Public Accounting Firm) incorporated in this prospectus by reference to our Annual Report on Form 10-K for the year ended December 31, 2010 have been so incorporated in reliance on the audit report of the independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Philip Morris International Inc.

\$400,000,000
Floating Rate Notes due 2015

\$600,000,000
2.625% Notes due 2023

\$850,000,000
4.125% Notes due 2043

Joint Book-Running Managers

Barclays

Citigroup

Goldman, Sachs & Co.

HSBC

Co-Managers

Banca IMI

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