



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

January 31, 2019

Olga Khvatskaya
Philip Morris International Inc.
olga.khvatskaya@pmi.com

Re: Philip Morris International Inc.
Incoming letter dated December 14, 2018

Dear Ms. Khvatskaya:

This is in response to your correspondence dated December 14, 2018, December 21, 2018 and December 31, 2018 concerning the shareholder proposal (the "Proposal") submitted to Philip Morris International Inc. (the "Company") by Alan Ball (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also received correspondence from the Proponent dated December 20, 2018. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

Enclosure

cc: Alan Ball

January 31, 2019

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Philip Morris International Inc.
Incoming letter dated December 14, 2018

The Proposal requests that the annual dividend be reduced to \$1 until such time as assets over liabilities equals at least 110 percent, or stockholders equity equals at least \$5 billion.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(13). In this regard, we note that the Proposal relates to a specific amount of cash dividends. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(13). In reaching this position, we have not found it necessary to address the alternative bases for omission upon which the Company relies.

Sincerely,

Courtney Haseley
Special Counsel

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

From: [Khvatskaya, Olga](#)
To: [ShareholderProposals](#)
Cc: [Zani, Karen](#)
Subject: Request for No-Action Relief - Shareholder Proposal
Date: Monday, December 31, 2018 10:54:37 AM
Attachments: [Alan Ball Correspondence 12.28.2018.docx](#)

Ladies and Gentlemen,

I am writing on behalf of Philip Morris International Inc., a Virginia corporation (the "Company").

On December 14, 2018, we submitted a letter (the "No-Action Request") notifying the Staff of the Division of Corporation Finance of the Securities and Exchange Commission that the Company intends to omit from its proxy statement and form of proxy for its 2019 Annual Meeting of Shareholders (the "Proxy Materials") a shareholder proposal (the "Proposal") received from Mr. Alan Ball (the "Proponent").

On December 20, 2018, Mr. Ball submitted to the Staff a letter responding to the No-Action Request (the "Response Letter").

The Company submitted a response to Mr. Ball's Response Letter on December 22, 2018.

The Proponent sent the attached email correspondence to the Company on December 28, 2018. **The attached email correspondence sent by the Proponent confirms that he did not provide proof of ownership in a timely fashion.**

In accordance with Section C of Staff Legal Bulletin No. 14D (November 7, 2008) ("SLB 14D"), the Company is emailing this correspondence together with its exhibit to the Staff at shareholderproposals@sec.gov. A copy of this letter is provided to the Proponent.

Best regards,

Olga

NOTICE: This e-mail may contain confidential information, which should not be copied or distributed without authorization. If you have received this e-mail message by mistake, please inform the sender and delete it from your system. Please note that, for the efficient preservation of Company records that may be required for litigation, e-mail messages sent to the author of this message will be copied and may be retained in a secure repository.

NOTICE: This e-mail may contain confidential information, which should not be copied or distributed without authorization. If you have

received this e-mail message by mistake, please inform the sender and delete it from your system. Please note that, for the efficient preservation of Company records that may be required for litigation, e-mail messages sent to the author of this message will be copied and may be retained in a secure repository.

From: Alan Ball ***
Date: December 28, 2018 at 4:22:40 PM EST
To: "Zani, Karen" <Karen.Zani@pmi.com>
Subject: Re: Philip Morris petition, 12/14/18

WARNING – External e-mails on specific topics can be phishing attempts

12/28/18

Looks like Schwab dropped the ball on fax #1. I'll be sending the SEC another email in a few days. ab

**PHILIP MORRIS
INTERNATIONAL INC.**

120 PARK AVENUE • NEWYORK, NY 10017

Olga Khvatskaya

ASSISTANT GENERAL
COUNSEL AND ASSISTANT
CORPORATE SECRETARY

TELEPHONE: +41 (58) 242 6629
EMAIL: Olga.Khvatskaya@pmi.com

December 21, 2018

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
101 F Street, N.E.

Washington, D.C. 20549

Re: Omission of Shareholder Proposal Submitted by Mr. Alan Ball
Submitted for the Philip Morris International Inc. 2019 Annual Shareholders Meeting

On December 14, 2018, we submitted a letter (the "No-Action Request") notifying the Staff of the Division of Corporation Finance of the Securities and Exchange Commission that the Company intends to omit from its proxy statement and form of proxy for its 2019 Annual Meeting of Shareholders (the "Proxy Materials") a shareholder proposal (the "Proposal") received from Mr. Alan Ball (the "Proponent"). The Proposal requests the Company to "bring the balance sheet to a minimally acceptable position. I propose that the annual dividend be reduced to \$1 until such time as assets over liabilities equals at least 110 percent, or stockholders equity of at least \$5 billion."

The No-Action Request indicated our belief that the Proposal could be excluded from the Proxy Materials pursuant to Rules 14a-8(i)(13), 14a-8(i)(7) and 14a-8(f)(1).

On December 20, 2018, Mr. Ball submitted to the Staff a letter responding to the No-Action Request (the "Response Letter"). Proponent's Response Letter and other correspondence are attached as Exhibit 1 to this letter.

We wish to respond to the Response Letter.

Looking past the Response Letter's statements that have no bearing on the No-Action Request, we believe that the Response Letter confirms the excludability of the Proposal under Rules 14a-8(i)(13), 14a-8(i)(7) and 14a-8(f)(1).

First, it reinforces the rationale for the Proposal seeking the reduction of the Company's annual dividend to \$1. Second, the Response Letter demonstrates that proof of ownership outlined in the Deficiency Notice the Company sent to the Proponent on November 26, 2018, was received by the Company on December 18, 2018, a week after the requisite deadline outlined in the Deficiency Notice. The Company checked its records and can confirm that no other correspondence was received prior to December 18, 2018. Rule 14a-8(e) and Staff Legal Bulletin 14C are clear that the burden to prove that the documentation is submitted by the requisite

deadline is on the Proponent. Pursuant to Rule 14a-8(e) shareholders should submit their proposals by means "that permit them to prove the date of delivery."

Furthermore, in Staff Legal Bulletin 14C, section F, the Staff states that to confirm a company's receipt of information, "a shareholder proponent is encouraged to submit a proposal or a response to a notice of defects by a means that allows him or her to determine when the proposal or response was received by the company, such as by facsimile." Mr. Ball did not meet his burden.

For these reasons, we reiterate our request that the Staff concur in our view that the Proposal may be excluded from the Proxy Materials pursuant to Rules 14a-8(i)(13), 14a-8(i)(7) and 14a-8(f)(1) for reasons more fully discussed in the No-Action Request (namely, the Proposal relates to specific amounts of dividends, deals with matters relating to the Company's ordinary business operations, and the Proponent failed to timely submit sufficient proof of ownership as required under Rule 14(b)(2)).

Thank you for your consideration in this matter.

Sincerely,

Olga Khvatskaya



Assistant General Counsel and Assistant Corporate Secretary

cc: Mr. Alan Ball

charlesschwab

Fax Cover Sheet

To: philipmorris
Fax Number: 9176638397
Date & Time: Tuesday, December 18, 2018 10:02:02 AM
From: Carmen.Yost@Schwab.com
Pages: 03
Subject: Document Requested

The information contained in this facsimile message is confidential and intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is wrongful and may subject you to civil liability. If you have received this communication in error, please immediately notify us by telephone at 800-435-4000.

Gyrene Yost
Resolution Specialist | Partner Support

Tel: 800-378-0686 Ext 35007
2423 E. Lincoln Drive, Phoenix, AZ 85016

Charles Schwab & Co., Inc.

NOTICE: All email sent to or from the Charles Schwab corporate email system is subject to archiving, monitoring and/or review by Schwab personnel



November 29, 2018

Alan Ball

Account #: ***

Questions: +1 (877) 594-2578
x35037

Information Requested

To Whom it May Concern,

Thank you for your recent inquiry. We are writing to confirm that the account referenced above consistently held at least a market value of \$2,000.00 in shares of Phillip Morris International (Cusip 718172109) from 10/01/2017 to 11/29/2018.

Thank you for your understanding in this matter. We appreciate the opportunity to serve you. If you have any questions or if we can help in any other way, please call me or any Client Service Specialist at +1 (877) 594-2578 x35037.

Sincerely,

Carmen Yost

Carmen Yost
PARTNER SUPPORT TEAM
2423 E Lincoln Dr
Phoenix, AZ 85016-1215

Zani, Karen

From: Alan Ball ***
Sent: Friday, December 21, 2018 3:49 PM
To: Zani, Karen
Subject: Fw: Philip Morris petition, 12/14/18

WARNING – External e-mails on specific topics can be phishing attempts

Here you go!

From: Alan Ball
Sent: Thursday, December 20, 2018 1:11 PM
To: shareholderproposals@sec.gov
Subject: Philip Morris petition, 12/14/18

With respect to the precedents : My thinking is that the stronger the balance sheet, the greater the payout can be. For a non-tobacco company, as an investor I wouldn't have a problem with a ten percent payout at a 125% balance sheet strength, ratcheting up to a 75% payout at 300%. Most of the cited examples (Hometrust, Exxon, Comp Sci, Peoples, Microsoft, Lydall, Monsanto) do not account for balance sheet strength. With Duke and Cisco the question is ability to pay in conjunction with balance sheet strength. Currently PM is at 79.8%, assets over liabilities. According to my notes (please correct me if I'm wrong anywhere) at 12/31/07 GM was 80.8%, 12/31/08 51.7%, with the bankruptcy taking place some time in between. The difference being PM is currently profitable while GM was losing money. In the last four quarters PM has had negative cash flow on the dividend. Seems to me all the company needs is two years of losses and the stockholder is wiped out. Being a tobacco company, the stronger the balance sheet, the brighter the bullseye. It just encourages litigation. But I draw the line at negative equity. The ship is sailing 10 feet parallel to the reef. I'm thinking it's just a matter of time. As far as Rule 14a-8(b)(2) is concerned there's a fair chance Ms. Khvatskaya has lied to the SEC. I have a copy of the statement sent to PM dated 11/29 by a Carmen Yost (telephone# 1-877-594-2578). On Tuesday 12/18 I went back to Schwab and was told the statement had been sent in a timely manner. PM never gave me any heads up as to the problem. My question: Is the SEC really going to sign off on a negative balance sheet business strategy? This is not Amazon. This is a tobacco company transitioning away from tobacco.

Thanks for your time.
Alan Ball

Zani, Karen

From: Zani, Karen
Sent: Friday, December 21, 2018 9:09 AM
To: 'Alan Ball'
Cc: Jerry E. Whitson (jerry.whitson@pmi.com); Olga Khvatskaya (Olga.Khvatskaya@pmi.com)
Subject: Shareholder Proposal

Dear Mr. Ball,

We were informed by Ms. Courtney Haseley from the SEC's office of Chief Counsel that on December 20, 2018, you submitted a response to our request for no-action relief regarding your proposal for the Annual Shareholders Meeting to be held on May 1, 2019.

As discussed with Ms. Haseley and mentioned in our No-Action Request letter dated December 14, 2018, pursuant to Rule 14a-8(k), a copy of your response is required to be provided to us. We respectfully request that you provide us with a copy of your response no later than noon Eastern Time today.

Thank you,
Karen

Karen E. Zani
Assistant Corporate Secretary
Philip Morris International Inc.
120 Park Avenue
New York, NY 10017
karen.zani@pmi.com
917-663-2781

ShareholderProposals

From: Alan Ball ***
Sent: Thursday, December 20, 2018 4:11 PM
To: ShareholderProposals
Subject: Philip Morris petition, 12/14/18

Follow Up Flag: Follow up
Flag Status: Completed

With respect to the precedents : My thinking is that the stronger the balance sheet, the greater the payout can be. For a non-tobacco company, as an investor I wouldn't have a problem with a ten percent payout at a 125% balance sheet strength, ratcheting up to a 75% payout at 300%. Most of the cited examples (Hometrust, Exxon, Comp Sci, Peoples, Microsoft, Lydall, Monsanto) do not account for balance sheet strength. With Duke and Cisco the question is ability to pay in conjunction with balance sheet strength. Currently PM is at 79.8%, assets over liabilities. According to my notes (please correct me if I'm wrong anywhere) at 12/31/07 GM was 80.8%, 12/31/08 51.7%, with the bankruptcy taking place some time in between. The difference being PM is currently profitable while GM was losing money. In the last four quarters PM has had negative cash flow on the dividend. Seems to me all the company needs is two years of losses and the stockholder is wiped out. Being a tobacco company, the stronger the balance sheet, the brighter the bullseye. It just encourages litigation. But I draw the line at negative equity. The ship is sailing 10 feet parallel to the reef. I'm thinking it's just a matter of time. As far as Rule 14a-8(b)(2) is concerned there's a fair chance Ms. Khvatskaya has lied to the SEC. I have a copy of the statement sent to PM dated 11/29 by a Carmen Yost (telephone# 1-877-594-2578). On Tuesday 12/18 I went back to Schwab and was told the statement had been sent in a timely manner. PM never gave me any heads up as to the problem. My question: Is the SEC really going to sign off on a negative balance sheet business strategy? This is not Amazon. This is a tobacco company transitioning away from tobacco.

Thanks for your time.
Alan Ball

**PHILIP MORRIS
INTERNATIONAL INC.**

120 PARK AVENUE • NEW YORK, NY 10017

Olga Khvatskaya
ASSISTANT GENERAL
COUNSEL AND ASSISTANT
CORPORATE SECRETARY

TELEPHONE: +41 (58) 242 6629

EMAIL: Olga.Khvatskaya@pmi.com

December 14, 2018

Office of Chief Counsel
Division of Corporation
Finance
Securities and Exchange Commission
101 F Street, N.E.
Washington, D.C. 20549

Re: Omission of Shareholder Proposal Submitted by Mr. Alan Ball
Submitted for the Philip Morris International Inc. 2019 Annual Shareholder Meeting

Ladies and Gentlemen:

Philip Morris International Inc. (the "Company") received a shareholder proposal requesting that "the annual dividend be reduced to \$1 until such time as assets over liabilities equals at least 110 percent, or stockholders equity of at least \$5 billion"(the "Proposal"). The Proposal was submitted by Mr. Alan Ball (the "Proponent"). A copy of the Proposal and accompanying information are attached as Exhibit A, and related correspondence with the Proponent is attached as Exhibit B.

By copy of this letter, the Company hereby notifies the Proponent of its intention to omit the Proposal from any proxy statement and form of proxy for its 2019 Annual Meeting of Shareholders scheduled for May 1, 2019 (the "Proxy Materials"). This letter constitutes the Company's statement of the reasons that it deems the omission to be proper.

On behalf of the Company and in accordance with Rule 14a-8 of the Securities Exchange Act of 1934, as amended, we respectfully request that the Staff of Division of Corporation Finance (the "Staff") concur with our view that, for the reasons stated below, the Proposal may be properly excluded from the Proxy Materials pursuant to Rule 14a-8(i)(13), 14a-8(i)(7) and 14a-8(f)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and confirm that the Staff will not recommend to the Commission that any enforcement action be taken against the Company if the Proposal is so excluded.

Pursuant to Rule 14a-8(j), the Company is filing this letter no later than 80 calendar days before it intends to file the definitive Proxy Materials for the 2019 Annual Meeting of Shareholders with the Commission. In accordance with Staff Legal Bulletin No. 14D (November 7, 2008) ("SLB 14D"), this letter is being submitted via e-mail to shareholderproposals@sec.gov. In addition, pursuant to Rule 14a-8(j), a copy of this letter is being sent simultaneously to the Proponent as notice of the Company's intention to exclude the Proposal from the Proxy Materials. Rule 14a-8(k) and SLB 14D require a proponent to send the Company a copy of any correspondence that the proponent elects to submit to the Commission or the Staff.

Accordingly, we hereby inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be furnished to the undersigned concurrently.

I. THE PROPOSAL

The Proposal reads as follows:

"The point being to bring the balance sheet to a minimally acceptable position. I propose that the annual dividend be reduced to \$1 until such time as assets over liabilities equals at least 110 percent, or stockholders equity of at least \$5 billion."

II. GROUNDS FOR OMISSION

The Company believes that it may omit the Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(13) because the Proposal Relates to Specific Amounts of Dividends.

Rule 14a-8(i)(13) allows a company to exclude a shareholder proposal that relates to specific amounts of cash or stock dividends. The Proposal requests the Company to reduce the annual dividend to \$1 "until such time as assets over liabilities equals at least 110 percent, or stockholders equity equals at least \$5 billion." The Staff has consistently permitted the exclusion of proposals that seek to establish threshold amounts or formulae for dividend payments. See, e.g., *HomeTrust Bancshares, Inc.* (available August 31, 2015) (permitting the exclusion of a proposal for an annual dividend of 50% of after-tax profits); *Exxon Mobil Corporation* (available March 17, 2009) (permitting the exclusion of a proposal to adopt a policy for a stock split when the company's stock price reaches a certain level and for the dividend to be increased to a rate of 50% of net income); *Computer Sciences Corporation* (available March 30, 2006) (permitting the exclusion of a proposal to pay an annual dividend of not less than 50% of earnings); *Cisco Systems Inc.* (available September 9, 2005) (permitting the exclusion of a proposal seeking a shareholder vote on an annual dividend of \$.60 per share); *People's Ohio Financial Corp.* (available August 11, 2003) (permitting the exclusion of a proposal to pay 66% of net earnings as annual cash dividends); *Microsoft Corporation* (available July 19, 2002) (permitting the exclusion of a proposal to pay a dividend of 50% of current and subsequent year's earnings); *Duke Energy Corporation* (available January 9, 2002) (permitting the exclusion of a proposal asking the company to increase their dividend to exceed a minimum \$1.10 on an annual basis); and *Lydall, Inc.* (available March 28, 2000) (permitting the exclusion of a proposal mandating the payment of dividends of not less than 50% of the company's net annual income).

The Proposal is, in all respects, analogous to the foregoing proposals and many other proposals, the exclusion of which has been permitted by the Staff because they relate to specific amounts of dividends or purport to establish a formula for dividend payments. The Proposal imposes a rigid and formulaic approach that results in a fixed amount of annual dividends of \$1.

Accordingly, we believe that the Proposal may be excluded from the Proxy Materials pursuant to Rule 14a-8(i)(13).

The Company believes that it may omit the Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(7).

Rule 14a-8(i)(7) allows a company to exclude a shareholder proposal that deals with a matter relating to the company's ordinary business operations. The Commission has provided the following guidance with regard to the application and purpose of Rule 14a-8(i)(7):

"The general underlying policy of this exclusion is consistent with the policy of most state corporate laws: to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholder meeting.

The policy underlying the ordinary business exclusion rests on two central considerations. The first relates to the subject matter of the proposal. Certain tasks are so fundamental to management's ability to run the Company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight. The second consideration relates to the degree to which the proposal seeks to 'micro-manage' the Company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment."

Release No. 34-40018 (May 21, 1998); see also Staff Legal Bulletin 14I and 14J.

The Staff has recognized that decisions regarding the amount of dividends to be paid deal with matters relating to the conduct of a company's ordinary business operations. See *Pfizer Inc.* (available February 4, 2005) (permitting, on ordinary business grounds, the exclusion of a proposal requesting a dividend increase in lieu of a \$5 billion share repurchase); *M&F Worldwide Corp.* (available March 29, 2000) (permitting, on ordinary business grounds, the exclusion of a proposal to implement actions relating to share repurchases, cash dividends, sales of assets and curtailment of non-operating activities); *Monsanto Company* (available February 23, 1976) (permitting, on ordinary business grounds, the exclusion of a proposal to establish a dividend of at least 50% of earnings in any given year). The Staff also has permitted the exclusion, on ordinary business grounds, of proposals relating to other aspects of the declaration and payment of dividends. See *The Walt Disney Company* (September 27, 1993) (permitting the exclusion of a proposal to implement a dividend reinvestment plan); *BellSouth Corporation* (January 26, 1993) (permitting the exclusion of a proposal for payment of dividends via a direct deposit); and *NYNEX Corporation* (January 19, 1989) (permitting the exclusion of a proposal for the determination of dividend payment dates).

By urging the reduction of dividend to \$1, the Proposal clearly seeks to establish a specific amount of dividend, an ordinary business matter that is within the sole discretion of the Board of Directors pursuant to the corporate law that applies to the Company.¹ The amount of cash dividends requires careful consideration by the Company's Board of Directors, using its good faith business judgment of the best interests of the Company, and is based on an in-depth knowledge of the Company's business and detailed review of

¹ Virginia Stock Corporations Act, Section 13.1-653

the Company's financial statements prepared in accordance with generally accepted accounting principles. These are the kind of complex matters on which stockholders, as a group, would be unable to make an informed judgment, "due to their lack of... intimate knowledge of the [company's] business." See Exchange Act Release No. 34-12999 (November 22, 1976). Allowing shareholders to decide on such matters would result in "micro-management" of the Company that the Staff sought to prevent in Staff Legal Bulletin 14I and 14J and micromanage the Company's Board of Directors, a situation that the Commission sought to prevent.

Accordingly, we believe that the Proposal may be excluded from the Proxy Materials pursuant to Rule 14a-8(i)(7).

The Company believes that the Proposal may be excluded under Rule 14a-8(b) and Rule 14a-8(f)(1) because the Proponent failed to timely submit sufficient proof of ownership required under Rule 14a-8(b)(2).

The Proposal was received by the Company on November 14, 2018, as shown in the correspondence included in Exhibit B. The Proponent's submission, included in Exhibit A, failed to include the following:

- (i) a statement from the Proponent's broker verifying that, at the time the Proponent submitted the Proposal, he continuously held at least \$2,000 in market value, or 1% of the Company's stock for at least one year; and
- (ii) the Proponent's written statement confirming his intention to hold shares of common stock of the Company through the 2019 Annual Meeting of Shareholders.

The Proponent indicated in the original submission that his shares are held by a broker, namely, Charles Schwab. Therefore, the Company could not independently verify from its records that the Proponent held the requisite number of shares as set out in (i) above.

Accordingly, on November 26, 2018, as required by Rule 14a-8(f), the Company sent to the Proponent a letter providing a notice of the procedural deficiency via Federal Express (the "Deficiency Notice"). In the Deficiency Notice, the Company informed the Proponent of the requirements of Rule 14a-8(b)(2), provided a copy of the rule, stated how the Proponent must cure the procedural deficiency, and set the deadline for the Proponent's required response. The Deficiency Notice was received by the Proponent on November 27, 2018, within 14 days of the date that the Company received the Shareholder Proposal. The Deficiency Notice and confirmation of its delivery are included in Exhibit B.

In the Proponent's electronic correspondence, dated November 29, 2018, he expressed his intention to hold the Company stock indefinitely, thereby satisfying the deficiency set out in (ii) above. However, as of the date of this letter, the Company received no information curing the deficiency (i) above, and the requisite period to cure this deficiency is now over.

Rule 14a-8(f)(1) clearly permits the Company to exclude the Shareholder Proposal from its Proxy Materials if the Proponent has failed to substantiate his eligibility to submit the Proposal under Rule 14a-8(b) within 14 calendar days of receiving the Deficiency Notice.

Rule 14a-8(b)(2) provides that "[i]n order to be eligible to submit a proposal, [a shareholder] must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date [the shareholder] submit[s] the proposal." Staff Legal Bulletin No. 14, dated July 13, 2001 ("SLB 14"), specifies that when the stockholder is not the registered

holder, the stockholder "is responsible for proving his or her eligibility to submit a proposal to the company." SLB 14 provides that a shareholder's periodic investment statements do not demonstrate sufficiently continuous ownership of the securities, and that a shareholder "must submit an *affirmative written statement* [emphasis added] from the record holder of his or her securities" verifying ownership.

The Deficiency Notice informed the Proponent that he was required to submit sufficient documentation to establish that he had beneficial ownership of the requisite shares of the Company's common stock for at least one year for purposes of Rule 14a-8 and described the requirements for such documentation.

In his email correspondence dated November 29, 2018, the Proponent stated that he requested that his broker, Charles Schwab, provide the required information set out in (i) above and indicated that the broker would fax such information to the Company. However, as of the date of this letter, the Company has not received the proof of beneficial ownership of the Company's common stock for at least one year within 14 days of the receipt of the Deficiency Notice by the Proponent, and, as a result, the Proponent has not demonstrated eligibility under Rule 14a-8(b)(2) to submit the Proposal.

Accordingly, we ask that the Staff concur that the Company may exclude the Proposal under Rule 14a-8(b) and Rule 14a-8(f)(1).

Thank you for your consideration in this matter.

Sincerely,

Olga Khvatskaya

Assistant General Counsel and Assistant Corporate Secretary



cc: Mr. Alan Ball

EXHIBIT A

The point being to bring the balance sheet to a minimally acceptable position. I propose that the annual dividend be reduced to \$1 until such time as assets over liabilities equals at least 110 percent, or stockholders equity equals at least \$5 billion.



Alan Ball

756 shares as of 8/2/93



Contributory IRA of
ALAN BALL
CHARLES SCHWAB & CO INC CUST
IRA CONTRIBUTORY

Account Number

Statement Period
September 1-30, 2018

Investment Detail - Equities (continued)

Equities (continued)	Quantity	Market Price	Market Value <i>Cost Basis</i>	% of Account Assets	Unrealized Gain or (Loss)	Estimated Yield	Estimated Annual Income
NORDIC AMERN OFFSHOR F SYMBOL: NAO	400.0000	0.97000	388.00 1,088.95	<1%	(700.95)	4.12%	16.00
OIL STATES INTL SYMBOL: OIS	45.0000	33.20000	1,494.00 1,010.70	<1%	483.30	N/A	N/A
PERSPECTA INC SYMBOL: PRSP	9.0000	25.72000	231.48 <i>please provideⁱ</i>	<1%	N/A ⁱ	0.77%	1.80
<i>Accrued Dividend: 0.45</i>							
PFIZER INC SYMBOL: PFE	150.0000	44.07000	6,610.50 2,605.90	1%	4,004.60	3.08%	204.00
PHILIP MORRIS INTL SYMBOL: PM	756.0000	81.54000	61,644.24 6,340.28	10%	55,303.96	5.59%	3,447.36
<i>Accrued Dividend: 861.84</i>							
SOUTHWEST AIRLINES SYMBOL: LUV	225.0000	62.45000	14,051.25 2,511.15	2%	11,540.10	1.02%	144.00
TOYOTA MOTOR CORP F SPONSORED ADR 1 ADR REPS 2 ORD SHS SYMBOL: TM	19.0000	124.35000	2,362.65 1,224.39	<1%	1,138.26	N/A	N/A
TRANSOCEAN INC NEW F SYMBOL: RIG	150.0000	13.95000	2,092.50 1,129.95	<1%	962.55	N/A	N/A
Total Equities	11,434.0000		428,259.46	71%	305,400.24ⁱ		13,233.67
		Total Cost Basis:	112,107.58ⁱ				

MO = 756 @ 87.7%

KHC = 174 @ 43.6%

MDLZ = 523 @ 24.9%

Total Accrued Dividend for Equities: 1,608.29

Schwab has provided accurate gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings. Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this statement.

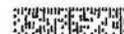


EXHIBIT B

From: Zani, Karen
Sent: Wednesday, November 14, 2018 5:20 PM
To: Alan Ball
Subject: RE: Shareholder Proposal

Dear Mr. Ball,
I wanted to let you know that we received your proposal with the second mail drop this morning. We will be in touch.

Karen

Karen E. Zani
Assistant Corporate Secretary
Philip Morris International Inc.
120 Park Avenue
New York, NY 10017
917-663-2781
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PHILIP MORRIS
INTERNATIONAL INC.

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JERRY WHITSON
DEPUTY GENERAL COUNSEL
AND CORPORATE SECRETARY

DIRECT: (917) 663-2231
FAX: (917) 663-8397
LAUSANNE: 41-58-242-4793
Jerry.Whitson@pmi.com

November 26, 2018

Mr. Alan Ball

Dear Mr. Ball,

This is to acknowledge receipt of your letter submitting a proposal to be voted on by shareholders at the Philip Morris International Inc. 2019 Annual Meeting of Shareholders, scheduled for May 1, 2019 (the "2019 Annual Meeting"). Pursuant to Rule 14a-8(b)(2) of the Securities Exchange Act of 1934, as amended (attached), the proposal you submitted for inclusion in the 2019 Proxy Statement and to be presented at the 2019 Annual Meeting, must include (i) a statement from Charles Schwab, your broker, verifying that, at the time you submitted your proposal, you continuously held at least \$2,000 in market value, or 1% of PMI stock for at least one year and (ii) your written statement confirming your intention to hold your PMI shares through the 2019 Annual Meeting. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you receive this letter.

Very truly yours,



Rule 14a-8(b)(2)

(b) Question 2: *Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible? (1) In order to be eligible to submit a proposal, you must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.*

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§ 240.13d-101), Schedule 13G (§ 240.13d-102), Form 3 (§ 249.103 of this chapter), Form 4 (§ 249.104 of this chapter) and/or Form 5 (§ 249.105 of this chapter), or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.



Your package has been delivered

Tracking # ***

Ship date:
Mon, 11/26/2018

PHILIP MORRIS
INTERNATIONAL
NEW YORK, NY 10017
US

Delivery date:
Tue, 11/27/2018 10:34
am

ALAN BALL
MR. ALAN BALL



PHOENIX, AZ 85051
US

Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number:	***
Status:	Delivered: 11/27/2018 10:34 AM Signed for By: Signature not required
Department number:	EXECUTIVE SECRETARY -
Reference:	KAREN ZANI -
Signed for by:	Signature not required
Delivery location:	PHOENIX, AZ
Delivered to:	Residence
Service type:	FedEx Priority Overnight®
Packaging type:	FedEx® Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	No Signature Required Deliver Weekday Residential Delivery
Standard transit:	11/27/2018 by 10:30 am

11/29/18

1) Visited Schwab yesterday before work. Lousy coffee. They made a copy of one of the two letters sent. I believe they're going to provide two dates, maybe 10/30 and on the date they send the letter,

of my holdings in PMI. I think they're going to fax it to the # provided.

2) Again, I bought the stock on 7/26/93 and have held it continuously since: 252 shares which have split to 756. Same with KHC, MO and MDLZ, although the share numbers vary, which again I listed

in my letter along with the theoretical current yield. I intend on holding the stock indefinitely. If my proposal doesn't pass I'll probably resubmit it continuously with minor alterations until it does--maybe

a 40 cent dividend, maybe a \$2 dividend. Until the balance sheet is acceptable. 110% is not painting a bulls eye on the company as far as litigators are concerned. 200% might be dangerous.

3) Now that I have this company's attention, I have data that would interest its legal counsel at a minimum and might actually be useful: a) Time, 11/30/53 (p 60-63) [cigarettes cause lung cancer].

Somebody will need to go to the main library for that, I recommend the fiche versus the actual magazine, better copy. b) Fortune 9/35 starting page 94 [plausible deniability, basically big tobacco's

party line through 1990 or so] I kind of doubt that'll be on film. c) fraser.stlouisfed.org (search-- Annual report of the secretary of the treasury--fiscal year 1929, p 420) [unclean hands]

The last you should be able to pull up at your desk in around 3 minutes.

I've been working days lately and so haven't been online. I use public libraries since they're free. Anyway sorry about the wait.

Hopefully this fulfills the requirements.

Thanks, ab.

Christopher Alan Ball

5/12/60

!