

Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Currency and Acquisitions

For the Years Ended December 31,

(in millions) (Unaudited)		2012					2011					% Change in Reported Net Revenues excluding Excise Taxes	
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions	Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions	
\$27,338	\$18,812	\$ 8,526	\$ (716)	\$ 9,242	\$ —	\$ 9,242	European Union	\$29,768	\$20,556	\$ 9,212	(7.4)%	0.3%	0.3%
19,272	10,940	8,332	(467)	8,799	27	8,772	EEMA	17,452	9,571	7,881	5.7%	11.6%	11.3%
21,071	9,873	11,198	(116)	11,314	1	11,313	Asia	19,590	8,885	10,705	4.6%	5.7%	5.7%
9,712	6,391	3,321	(196)	3,517	—	3,517	Latin America & Canada	9,536	6,237	3,299	0.7%	6.6%	6.6%
\$77,393	\$46,016	\$31,377	\$(1,495)	\$32,872	\$28	\$32,844	PMI Total	\$76,346	\$45,249	\$31,097	0.9%	5.7%	5.6%

(in millions) (Unaudited)		2012					2011					% Change in Reported Operating Companies Income	
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions			
\$ 4,187		\$(384)	\$ 4,571	\$ —	\$ 4,571	European Union	\$ 4,560	(8.2)%	0.2%	0.2%			
3,726		(199)	3,925	4	3,921	EEMA	3,229	15.4%	21.6%	21.4%			
5,197		39	5,158	—	5,158	Asia	4,836	7.5%	6.7%	6.7%			
1,043		(63)	1,106	—	1,106	Latin America & Canada	988	5.6%	11.9%	11.9%			
\$14,153		\$(607)	\$14,760	\$ 4	\$14,756	PMI Total	\$13,613	4.0%	8.4%	8.4%			

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income, excluding Currency and Acquisitions

For the Years Ended December 31,

(in millions) (Unaudited)		2012					2011					% Change in Adjusted Operating Companies Income	
Reported Operating Companies Income & Exit Costs	Less Asset Impairment Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions	
\$ 4,187	\$ (5)	\$ 4,192	\$(384)	\$ 4,576	\$ —	\$ 4,576	European Union	\$ 4,560	\$ (45)	\$ 4,605	(9.0)%	(0.6)%	(0.6)%
3,726	(5)	3,731	(199)	3,930	4	3,926	EEMA	3,229	(25)	3,254	14.7%	20.8%	20.7%
5,197	(39)	5,236	39	5,197	—	5,197	Asia	4,836	(15)	4,851	7.9%	7.1%	7.1%
1,043	(34)	1,077	(63)	1,140	—	1,140	Latin America & Canada	988	(24)	1,012	6.4%	12.6%	12.6%
\$14,153	\$(83)	\$14,236	\$(607)	\$14,843	\$ 4	\$14,839	PMI Total	\$13,613	\$(109)	\$13,722	3.7%	8.2%	8.1%

Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions

For the Years Ended December 31,

(in millions) (Unaudited)		2012					2011					% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Operating Revenues excluding Excise Taxes & Currency ⁽¹⁾	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions ⁽¹⁾	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes ⁽¹⁾	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions			
\$ 4,576	\$ 9,242	49.5%	\$ 4,576	\$ 9,242	49.5%	European Union	\$ 4,605	\$ 9,212	50.0%	(0.5)pp	(0.5)pp		
3,930	8,799	44.7%	3,926	8,772	44.8%	EEMA	3,254	7,881	41.3%	3.4pp	3.5pp		
5,197	11,314	45.9%	5,197	11,313	45.9%	Asia	4,851	10,705	45.3%	0.6pp	0.6pp		
1,140	3,517	32.4%	1,140	3,517	32.4%	Latin America & Canada	1,012	3,299	30.7%	1.7pp	1.7pp		
\$14,843	\$32,872	45.2%	\$14,839	\$32,844	45.2%	PMI Total	\$13,722	\$31,097	44.1%	1.1pp	1.1pp		

(1) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to the "Adjustments for the Impact of Currency and Acquisitions" reconciliation above.

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency

For the Years Ended December 31, (Unaudited)	2012	2011	% Change
Reported Diluted EPS	\$ 5.17	\$4.85	6.6%
Less:			
Currency impact	(0.23)		
Reported Diluted EPS, excluding Currency	\$ 5.40	\$4.85	11.3%

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency

For the Years Ended December 31, (Unaudited)	2012	2011	% Change
Reported Diluted EPS	\$ 5.17	\$ 4.85	6.6%
Adjustments:			
Asset impairment and exit costs	0.03	0.05	
Tax items	0.02	(0.02)	
Adjusted Diluted EPS	\$ 5.22	\$ 4.88	7.0%
Less:			
Currency impact	(0.23)		
Adjusted Diluted EPS, excluding Currency	\$ 5.45	\$ 4.88	11.7%

Reconciliation of Operating Companies Income to Operating Income

For the Years Ended December 31, (in millions) (Unaudited)	2012	2011	% Change
Operating companies income	\$14,153	\$13,613	4.0%
Amortization of intangibles	(97)	(98)	
General corporate expenses	(210)	(183)	
Operating income	\$13,846	\$13,332	3.9%

Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency

For the Years Ended December 31, (in millions) (Unaudited)	2012	2011	% Change
Net cash provided by operating activities^(a)	\$9,421	\$10,529	(10.5)%
Less:			
Capital expenditures	1,056	897	
Free cash flow	\$8,365	\$ 9,632	(13.2)%
Less:			
Currency impact	(152)		
Free cash flow, excluding currency	\$8,517	\$ 9,632	(11.6)%

(a) Operating cash flow.

Note: References to organic volume in this Annual Report are to volume, excluding acquisitions, which also include our 2010 business combination with Fortune Tobacco Corporation in the Philippines. Operating Companies Income (OCI) is defined as operating income before general corporate expenses and amortization of intangibles. EPS refers to earnings per share.