

Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Currency and Acquisitions

For the Years Ended December 31,

(in millions) (Unaudited)							2016			2015			% Change in Net Revenues excluding Excise Taxes		
Net Revenues	Less Excise Taxes	Net Revenues excluding Excise Taxes	Less Currency	Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions		Net Revenues	Less Excise Taxes	Net Revenues excluding Excise Taxes	Total	Excluding Currency	Excluding Currency & Acquisitions		
\$ 27,129	\$18,967	\$ 8,162	\$ (147)	\$ 8,309	\$ —	\$ 8,309	European Union	\$ 26,563	\$18,495	\$ 8,068	1.2 %	3.0%	3.0%		
18,286	11,286	7,000	(600)	7,600	—	7,600	EEMA	18,328	10,964	7,364	(4.9)%	3.2%	3.2%		
20,531	11,850	8,681	(8)	8,689	—	8,689	Asia	19,469	11,266	8,203	5.8 %	5.9%	5.9%		
9,007	6,165	2,842	(525)	3,367	—	3,367	Latin America & Canada	9,548	6,389	3,159	(10.0)%	6.6%	6.6%		
\$ 74,953	\$48,268	\$ 26,685	\$ (1,280)	\$ 27,965	\$ —	\$ 27,965	PMI Total	\$ 73,908	\$47,114	\$ 26,794	(0.4)%	4.4%	4.4%		

(in millions) (Unaudited)							2016			2015			% Change in Operating Companies Income		
Operating Companies Income		Less Currency	Operating Companies Income excluding Currency	Less Acquisitions	Operating Companies Income excluding Currency & Acquisitions		Operating Companies Income	Total	Excluding Currency	Excluding Currency & Acquisitions					
\$ 3,994		\$ 34	\$ 3,960	\$ —	\$ 3,960	European Union	\$ 3,576	11.7 %	10.7%	10.7%					
3,016		(839)	3,855	—	3,855	EEMA	3,425	(11.9)%	12.6%	12.6%					
3,196		52	3,144	—	3,144	Asia	2,886	10.7 %	8.9%	8.9%					
938		(282)	1,220	—	1,220	Latin America & Canada	1,085	(13.5)%	12.4%	12.4%					
\$ 11,144		\$ (1,035)	\$ 12,179	\$ —	\$ 12,179	PMI Total	\$ 10,972	1.6 %	11.0%	11.0%					

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

For the Years Ended December 31,

(in millions) (Unaudited)							2016			2015			% Change in Adjusted Operating Companies Income		
Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions		Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions		
\$ 3,994	\$ —	\$ 3,994	\$ 34	\$ 3,960	\$ —	\$ 3,960	European Union	\$ 3,576	\$ (68)	\$ 3,644	9.6 %	8.7%	8.7%		
3,016	—	3,016	(839)	3,855	—	3,855	EEMA	3,425	—	3,425	(11.9)%	12.6%	12.6%		
3,196	—	3,196	52	3,144	—	3,144	Asia	2,886	—	2,886	10.7 %	8.9%	8.9%		
938	—	938	(282)	1,220	—	1,220	Latin America & Canada	1,085	—	1,085	(13.5)%	12.4%	12.4%		
\$ 11,144	\$ —	\$ 11,144	\$ (1,035)	\$ 12,179	\$ —	\$ 12,179	PMI Total	\$ 10,972	\$ (68)	\$ 11,040	0.9 %	10.3%	10.3%		

Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions

For the Years Ended December 31,

(in millions)

(Unaudited)

2016						2015				% Points Change	
Adjusted Operating Companies Income excluding Currency	Net 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(2)	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	
\$ 3,960	\$ 8,309	47.7%	\$ 3,960	\$ 8,309	47.7%	\$ 3,644	\$ 8,068	45.2%	2.5	2.5	
3,855	7,600	50.7%	3,855	7,600	50.7%	3,425	7,364	46.5%	4.2	4.2	
3,144	8,689	36.2%	3,144	8,689	36.2%	2,886	8,203	35.2%	1.0	1.0	
1,220	3,367	36.2%	1,220	3,367	36.2%	1,085	3,159	34.3%	1.9	1.9	
\$ 12,179	\$ 27,965	43.6%	\$ 12,179	\$ 27,965	43.6%	\$ 11,040	\$ 26,794	41.2%	2.4	2.4	

(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 in this section.

(2) 2016 Adjusted Operating Companies Income Margin for PMI Total was 41.8%, calculated as 2016 Adjusted Operating Companies Income of \$11,144 divided by 2016 Net Revenues, excluding Excise Taxes of \$26,685. For the calculation of Net Revenues, excluding Excise Taxes, and Adjusted Operating Companies Income, refer to the tables above.

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

For the Years Ended December 31, (Unaudited)	2016	2015	% Change
Reported Diluted EPS	\$ 4.48	\$ 4.42	1.4%
Less:			
Currency impact	(0.46)		
Reported Diluted EPS, excluding Currency	\$ 4.94	\$ 4.42	11.8%

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

For the Years Ended December 31, (Unaudited)	2016	2015	% Change
Reported Diluted EPS	\$ 4.48	\$ 4.42	1.4%
Adjustments:			
Asset impairment and exit costs	—	0.03	
Tax items	—	(0.03)	
Adjusted Diluted EPS	\$ 4.48	\$ 4.42	1.4%
Less:			
Currency impact	(0.46)		
Adjusted Diluted EPS, excluding Currency	\$ 4.94	\$ 4.42	11.8%

Reconciliation of Operating Income to Operating Companies Income

For the Years Ended December 31, (in millions) (Unaudited)	2016	2015	% Change
Operating Income	\$ 10,815	\$ 10,623	1.8%
Excluding:			
- Amortization of intangibles	74	82	
- General corporate expenses (included in marketing, administration and research costs)	161	162	
Plus: Equity (income)/loss in unconsolidated subsidiaries, net	(94)	(105)	
Operating Companies Income	\$ 11,144	\$ 10,972	1.6%

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

For the Years Ended December 31, (in millions) (Unaudited)	2016	2015	% Change
Net cash provided by operating activities (1)	\$ 8,077	\$ 7,865	2.7%
Less:			
Capital expenditures	1,172	960	
Free cash flow	\$ 6,905	\$ 6,905	—%
Less:			
Currency impact	(340)		
Free cash flow, excluding currency	\$ 7,245	\$ 6,905	4.9%

(1) Operating cash flow.