

# Consolidated Balance Sheets

(in millions of dollars, except share data)

| at December 31,                                                | 2011            | 2010            |
|----------------------------------------------------------------|-----------------|-----------------|
| <b>Assets</b>                                                  |                 |                 |
| Cash and cash equivalents                                      | \$ 2,550        | \$ 1,703        |
| Receivables (less allowances of \$45 in 2011 and \$56 in 2010) | 3,201           | 3,009           |
| Inventories:                                                   |                 |                 |
| Leaf tobacco                                                   | 3,463           | 4,026           |
| Other raw materials                                            | 1,185           | 1,314           |
| Finished product                                               | 3,472           | 2,977           |
|                                                                | 8,120           | 8,317           |
| Deferred income taxes                                          | 397             | 371             |
| Other current assets                                           | 591             | 356             |
| Total current assets                                           | 14,859          | 13,756          |
| Property, plant and equipment, at cost:                        |                 |                 |
| Land and land improvements                                     | 692             | 703             |
| Buildings and building equipment                               | 3,738           | 3,720           |
| Machinery and equipment                                        | 7,880           | 7,857           |
| Construction in progress                                       | 603             | 479             |
|                                                                | 12,913          | 12,759          |
| Less: accumulated depreciation                                 | 6,663           | 6,260           |
|                                                                | 6,250           | 6,499           |
| Goodwill                                                       | 9,928           | 10,161          |
| Other intangible assets, net                                   | 3,697           | 3,873           |
| Other assets                                                   | 754             | 761             |
| <b>Total Assets</b>                                            | <b>\$35,488</b> | <b>\$35,050</b> |

See notes to consolidated financial statements.

| at December 31,                                                                                     | 2011            | 2010            |
|-----------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Liabilities</b>                                                                                  |                 |                 |
| Short-term borrowings                                                                               | \$ 1,511        | \$ 1,747        |
| Current portion of long-term debt                                                                   | 2,206           | 1,385           |
| Accounts payable                                                                                    | 1,031           | 835             |
| Accrued liabilities:                                                                                |                 |                 |
| Marketing and selling                                                                               | 519             | 393             |
| Taxes, except income taxes                                                                          | 5,346           | 4,884           |
| Employment costs                                                                                    | 894             | 739             |
| Dividends payable                                                                                   | 1,341           | 1,162           |
| Other                                                                                               | 873             | 920             |
| Income taxes                                                                                        | 897             | 601             |
| Deferred income taxes                                                                               | 176             | 138             |
| Total current liabilities                                                                           | 14,794          | 12,804          |
| Long-term debt                                                                                      | 14,828          | 13,370          |
| Deferred income taxes                                                                               | 1,976           | 2,027           |
| Employment costs                                                                                    | 1,665           | 1,261           |
| Other liabilities                                                                                   | 462             | 467             |
| Total liabilities                                                                                   | 33,725          | 29,929          |
| Contingencies (Note 21)                                                                             |                 |                 |
| Redeemable noncontrolling interests (Note 6)                                                        | 1,212           | 1,188           |
| <b>Stockholders' Equity</b>                                                                         |                 |                 |
| Common stock, no par value (2,109,316,331 shares issued in 2011 and 2010)                           |                 |                 |
| Additional paid-in capital                                                                          | 1,235           | 1,225           |
| Earnings reinvested in the business                                                                 | 21,757          | 18,133          |
| Accumulated other comprehensive losses                                                              | (2,863)         | (1,140)         |
|                                                                                                     | 20,129          | 18,218          |
| Less: cost of repurchased stock (383,407,665 and 307,532,841 shares in 2011 and 2010, respectively) | 19,900          | 14,712          |
| Total PMI stockholders' equity                                                                      | 229             | 3,506           |
| Noncontrolling interests                                                                            | 322             | 427             |
| Total stockholders' equity                                                                          | 551             | 3,933           |
| <b>Total Liabilities and Stockholders' Equity</b>                                                   | <b>\$35,488</b> | <b>\$35,050</b> |