

Consolidated Statements of Cash Flows

(in millions of dollars)

for the years ended December 31,	2010	2009	2008
Cash Provided by (Used in) Operating Activities			
Net earnings	\$ 7,498	\$ 6,552	\$ 7,150
Adjustments to reconcile net earnings to operating cash flows:			
Depreciation and amortization	932	853	842
Deferred income tax provision	101	129	5
Equity loss from RBH legal settlement			124
Colombian investment and cooperation agreement charge		135	
Asset impairment and exit costs, net of cash paid	(28)	(27)	(15)
Cash effects of changes, net of the effects from acquired and divested companies:			
Receivables, net	123	(187)	(25)
Inventories	1,071	660	(914)
Accounts payable	(72)	(116)	(90)
Income taxes	92	5	39
Accrued liabilities and other current assets	41	190	857
Pension plan contributions	(433)	(558)	(262)
Changes in amounts due from Altria Group, Inc. and affiliates			37
Other	112	248	187
Net cash provided by operating activities	9,437	7,884	7,935
Cash Provided by (Used in) Investing Activities			
Capital expenditures	(713)	(715)	(1,099)
Purchase of businesses, net of acquired cash	(83)	(429)	(1,663)
Other	86	46	(399)
Net cash used in investing activities	(710)	(1,098)	(3,161)

See notes to consolidated financial statements.

for the years ended December 31,	2010	2009	2008
Cash Provided by (Used in) Financing Activities			
Net (repayment) issuance of short-term borrowings	\$ (9)	\$ 246	\$ (449)
Long-term debt proceeds	1,130	2,987	11,892
Long-term debt repaid	(183)	(101)	(5,736)
Repurchases of common stock	(5,030)	(5,625)	(5,256)
Issuance of common stock	229	177	118
Changes in amounts due from Altria Group, Inc. and affiliates			664
Dividends paid to Altria Group, Inc.			(3,019)
Dividends paid to public stockholders	(4,423)	(4,327)	(2,060)
Other	(292)	(268)	(332)
Net cash used in financing activities	(8,578)	(6,911)	(4,178)
Effect of exchange rate changes on cash and cash equivalents	14	134	(566)
Cash and cash equivalents:			
Increase	163	9	30
Balance at beginning of year	1,540	1,531	1,501
Balance at end of year	\$ 1,703	\$ 1,540	\$ 1,531
Cash paid: Interest	\$ 912	\$ 743	\$ 499
Income taxes	\$ 2,728	\$ 2,537	\$ 2,998

As discussed in Note 6. *Acquisitions and Other Business Arrangements*, PMI's 2010 business combination in the Philippines is a non-cash transaction.