

Consolidated Balance Sheet

Year Ended December 31 (in millions, except per share)	2005	2004
Assets		
Current Assets:		
Cash	\$ 225.8	\$ 228.1
Accounts receivable	681.4	696.1
Inventories	654.5	690.3
Other current assets	197.0	203.9
Total current assets	1,758.7	1,818.4
Investments in affiliated companies	3,448.2	3,150.2
Plant and equipment, net	9,041.6	8,847.4
Intangible assets, including goodwill of \$1,034.5 and \$984.1, respectively	1,232.6	1,191.9
Other assets	1,073.9	1,165.5
Total Assets	\$ 16,555.0	\$ 16,173.4
Liabilities and Shareholders Equity		
Current Liabilities:		
Accounts payable	\$ 1,249.5	\$ 1,194.8
Accrued salaries, wages and benefits	250.9	291.4
Accrued taxes	156.7	152.9
Accrued interest	123.7	125.2
Other current liabilities	201.8	204.7
Total current liabilities	1,982.6	1,969.0
Postretirement benefits	444.3	454.2
Debt	7,972.1	8,278.6
Deferred income taxes	1,682.4	1,727.2
Other long-term liabilities	1,130.3	1,076.3
Shareholders Equity:		
Common stock, \$1.00 par value, authorized 1.6 billion shares	1,468.6	1,463.0
Capital in excess of par value	1,601.8	1,425.3
Retained earnings	16,445.6	15,407.2
Treasury stock, at cost	(15,258.9)	(14,638.5)
Accumulated nonowner changes in shareholders equity	(913.8)	(988.9)
Total Shareholders Equity	3,343.3	2,668.1
Commitments and contingencies	—	—
Total Liabilities and Shareholders Equity	\$ 16,555.0	\$ 16,173.4

The footnotes on pages 46 - 61 of this report are an integral component of the company's consolidated financial statements.

Consolidated Statement of Income

Year Ended December 31 (in millions, except per share)	2005	2004	2003
Gross sales	\$17,253.5	\$17,160.2	\$16,320.2
Excise taxes	(2,217.8)	(2,226.0)	(2,173.5)
Net sales	15,035.7	14,934.2	14,146.7
Cost of sales	(9,579.5)	(8,982.5)	(8,449.1)
Gross profit	5,456.2	5,951.7	5,697.6
Marketing, distribution and administrative expenses	(2,730.2)	(2,590.7)	(2,498.3)
Litigation settlement	(105.0)	—	—
Operating income	2,621.0	3,361.0	3,199.3
Interest expense	(454.5)	(426.9)	(401.5)
Interest capitalized	19.9	21.9	24.4
Interest income	2.4	4.7	1.7
Other income, net	2.7	38.7	0.4
Income before income taxes	2,191.5	2,999.4	2,824.3
Provision for income taxes	(850.4)	(1,163.2)	(1,093.3)
Equity income, net of tax	498.1	404.1	344.9
Net income	\$ 1,839.2	\$ 2,240.3	\$ 2,075.9
Earnings per share:			
Basic	\$ 2.37	\$ 2.80	\$ 2.51
Diluted	\$ 2.35	\$ 2.77	\$ 2.48

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Consolidated Statement of Changes in Shareholders Equity

Year Ended December 31 (in millions, except per share)	2005	2004	2003
Common Stock, \$1.00 Par Value			
Balance, beginning of period	\$ 1,463.0	\$ 1,457.9	\$ 1,453.4
Shares issued under stock plans	5.6	5.1	4.5
Balance, end of period	\$ 1,468.6	\$ 1,463.0	\$ 1,457.9
Capital in Excess of Par Value			
Balance, beginning of period	\$ 1,425.3	\$ 1,194.0	\$ 1,024.5
Shares issued under stock plans	176.5	157.3	125.4
Shares issued for acquisition	—	—	44.1
Grupo Modelo capital transaction	—	74.0	—
Balance, end of period	\$ 1,601.8	\$ 1,425.3	\$ 1,194.0
Retained Earnings			
Balance, beginning of period	\$ 15,407.2	\$ 13,935.4	\$ 12,544.0
Net income	1,839.2	2,240.3	2,075.9
Common dividends paid (per share: 2005, \$1.03; 2004, \$.93; 2003, \$.83)	(800.8)	(742.8)	(685.4)
Deferred income tax adjustment	—	(25.9)	—
Shares issued under stock plans	—	0.2	0.9
Balance, end of period	\$ 16,445.6	\$ 15,407.2	\$ 13,935.4
Treasury Stock			
Balance, beginning of period	\$ (14,638.5)	\$ (12,939.0)	\$ (11,008.6)
Treasury stock acquired	(620.4)	(1,699.5)	(1,958.9)
Treasury stock issued for acquisition	—	—	28.5
Balance, end of period	\$ (15,258.9)	\$ (14,638.5)	\$ (12,939.0)
Accumulated Nonowner Changes in Shareholders Equity			
Balance, beginning of period	\$ (988.9)	\$ (890.3)	\$ (870.7)
Foreign currency translation gains/(losses)	184.5	102.9	(229.8)
Deferred hedging gains/(losses)	(1.1)	(61.1)	65.7
Deferred securities valuation gains/(losses)	(95.6)	(76.4)	169.3
Minimum pension liability	(12.7)	(64.0)	(24.8)
Total nonowner changes in shareholders equity, net of tax	75.1	(98.6)	(19.6)
Balance, end of period	\$ (913.8)	\$ (988.9)	\$ (890.3)
ESOP Debt Guarantee			
Balance, beginning of period	—	\$ (46.3)	\$ (90.3)
Annual debt service	—	46.3	44.0
Balance, end of period	—	\$ —	\$ (46.3)
Total Shareholders Equity	\$ 3,343.3	\$ 2,668.1	\$ 2,711.7
Net Income and Nonowner Changes in Shareholders Equity			
Net income	\$ 1,839.2	\$ 2,240.3	\$ 2,075.9
Total nonowner changes in shareholders equity, net of tax	75.1	(98.6)	(19.6)
Combined Net Income and Nonowner Changes in Shareholders Equity	\$ 1,914.3	\$ 2,141.7	\$ 2,056.3

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Consolidated Statement of Cash Flows

Year Ended December 31 (in millions)	2005	2004	2003
Cash Flow from Operating Activities:			
Net income	\$ 1,839.2	\$ 2,240.3	\$ 2,075.9
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	979.0	932.7	877.2
Deferred income taxes	0.2	187.1	129.5
Gain on sale of business	(15.4)	(13.4)	—
Undistributed earnings of affiliated companies	(288.0)	(225.1)	(175.7)
Other, net	162.5	0.3	31.4
Operating cash flow before changes in working capital	2,677.5	3,121.9	2,938.3
(Increase)/Decrease in working capital	50.3	(181.6)	32.6
Cash provided by operating activities	2,727.8	2,940.3	2,970.9
Cash Flow from Investing Activities:			
Capital expenditures	(1,136.7)	(1,089.6)	(993.0)
New business acquisitions	—	(727.9)	(156.9)
Proceeds from sale of business	48.3	302.5	—
Cash used for investing activities	(1,088.4)	(1,515.0)	(1,149.9)
Cash Flow from Financing Activities:			
Increase in debt	100.0	1,443.8	1,389.0
Decrease in debt	(456.0)	(510.6)	(652.1)
Dividends paid to shareholders	(800.8)	(742.8)	(685.4)
Acquisition of treasury stock	(620.4)	(1,699.5)	(1,958.9)
Shares issued under stock plans	135.5	120.8	88.6
Cash used for financing activities	(1,641.7)	(1,388.3)	(1,818.8)
Net increase in cash during the year	(2.3)	37.0	2.2
Cash, beginning of year	228.1	191.1	188.9
Cash, end of year	\$ 225.8	\$ 228.1	\$ 191.1

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