

## CONSOLIDATED BALANCE SHEET

Year Ended December 31 (in millions, except per share)	2007	2006
<b>Assets</b>		
<u>Current Assets</u>		
Cash	\$ 283.2	\$ 219.2
Accounts receivable	805.2	720.2
Inventories	723.5	694.9
Other current assets	212.6	195.2
Total current assets	<b>2,024.5</b>	1,829.5
Investments in affiliated companies	<b>4,019.5</b>	3,680.3
Plant and equipment, net	<b>8,833.5</b>	8,916.1
Intangible assets, including goodwill of \$1,134.6 and \$1,077.8, respectively	<b>1,547.9</b>	1,367.2
Other assets	<b>729.6</b>	584.1
Total Assets	<b>\$17,155.0</b>	\$16,377.2
<b>Liabilities and Shareholders Equity</b>		
<u>Current Liabilities</u>		
Accounts payable	\$ 1,464.5	\$ 1,426.3
Accrued salaries, wages and benefits	374.3	342.8
Accrued taxes	106.2	133.9
Accrued interest	136.4	124.2
Other current liabilities	222.4	218.9
Total current liabilities	<b>2,303.8</b>	2,246.1
Retirement benefits	<b>1,002.5</b>	1,191.5
Debt	<b>9,140.3</b>	7,653.5
Deferred income taxes	<b>1,314.6</b>	1,194.5
Other long-term liabilities	<b>242.2</b>	152.9
<u>Shareholders Equity</u>		
Common stock, \$1.00 par value, authorized 1.6 billion shares	<b>1,482.5</b>	1,473.7
Capital in excess of par value	<b>3,382.1</b>	2,962.5
Retained earnings	<b>17,923.9</b>	16,741.0
Treasury stock, at cost	<b>(18,714.7)</b>	(16,007.7)
Accumulated nonowner changes in shareholders equity	<b>(922.2)</b>	(1,230.8)
Total Shareholders Equity	<b>3,151.6</b>	3,938.7
Commitments and contingencies	—	—
Total Liabilities and Shareholders Equity	<b>\$17,155.0</b>	\$16,377.2

The footnotes on pages 47-63 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)	2007	2006	2005
Gross sales	<b>\$18,988.7</b>	\$17,957.8	\$17,253.5
Excise taxes	<b>(2,303.0)</b>	(2,240.7)	(2,217.8)
Net sales	<b>16,685.7</b>	15,717.1	15,035.7
Cost of sales	<b>(10,836.1)</b>	(10,165.0)	(9,606.3)
Gross profit	<b>5,849.6</b>	5,552.1	5,429.4
Marketing, distribution and administrative expenses	<b>(2,982.1)</b>	(2,832.5)	(2,837.5)
Gain on sale of distribution rights	<b>26.5</b>	—	—
Litigation settlement	<b>—</b>	—	(105.0)
Operating income	<b>2,894.0</b>	2,719.6	2,486.9
Interest expense	<b>(484.4)</b>	(451.3)	(454.5)
Interest capitalized	<b>17.4</b>	17.6	19.9
Interest income	<b>3.9</b>	1.8	2.4
Other income/(expense), net	<b>(8.2)</b>	(10.8)	2.7
Income before income taxes	<b>2,422.7</b>	2,276.9	2,057.4
Provision for income taxes	<b>(969.8)</b>	(900.5)	(811.1)
Equity income, net of tax	<b>662.4</b>	588.8	498.1
Net income	<b>\$ 2,115.3</b>	\$ 1,965.2	\$ 1,744.4
Basic earnings per share	<b>\$ 2.83</b>	\$ 2.55	\$ 2.24
Diluted earnings per share	<b>\$ 2.79</b>	\$ 2.53	\$ 2.23

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## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

Year Ended December 31 (in millions, except per share)	2007	2006	2005
<b>Common Stock, \$1.00 Par Value</b>			
Balance, beginning of period	\$ 1,473.7	\$ 1,468.6	\$ 1,463.0
Shares issued under stock plans	8.8	5.1	5.6
Balance, end of period	\$ 1,482.5	\$ 1,473.7	\$ 1,468.6
<b>Capital in Excess of Par Value</b>			
Balance, beginning of period	\$ 2,962.5	\$ 2,685.9	\$ 2,387.9
Stock compensation related	135.7	138.2	134.1
Shares issued under stock plans	283.5	138.4	163.9
Restricted stock cancellations	0.4	—	—
Balance, end of period	\$ 3,382.1	\$ 2,962.5	\$ 2,685.9
<b>Retained Earnings</b>			
Balance, beginning of period	\$ 16,741.0	\$ 15,698.0	\$ 14,754.4
Net income	2,115.3	1,965.2	1,744.4
Common dividends paid (per share: 2007, \$1.25; 2006, \$1.13; 2005, \$1.03)	(932.4)	(871.6)	(800.8)
Deferred income tax adjustment	—	(50.6)	—
Balance, end of period	\$ 17,923.9	\$ 16,741.0	\$ 15,698.0
<b>Treasury Stock</b>			
Balance, beginning of period	\$(16,007.7)	\$(15,258.9)	\$(14,638.5)
Treasury stock acquired	(2,707.1)	(745.9)	(620.4)
Stock compensation related	0.2	—	—
Restricted stock cancellations	(0.1)	(2.9)	—
Balance, end of period	\$(18,714.7)	\$(16,007.7)	\$(15,258.9)
<b>Accumulated Nonowner Changes in Shareholders Equity</b>			
Balance, beginning of period	\$ (1,230.8)	\$ (913.8)	\$ (988.9)
Foreign currency translation gains/(losses)	105.2	(70.2)	184.5
Deferred hedging gains/(losses)	(2.0)	4.5	(1.1)
Deferred securities valuation gains/(losses)	(0.3)	1.0	(95.6)
Deferred retirement benefits costs	205.7	159.7	(12.7)
Nonowner changes in shareholders equity, net of deferred income taxes	308.6	95.0	75.1
Adoption impact of FAS 158	—	(412.0)	—
Balance, end of period	\$ (922.2)	\$ (1,230.8)	\$ (913.8)
Total Shareholders Equity	\$ 3,151.6	\$ 3,938.7	\$ 3,679.8
<b>Net Income and Nonowner Changes in Shareholders Equity</b>			
Net income	\$ 2,115.3	\$ 1,965.2	\$ 1,744.4
Nonowner changes in shareholders equity, net of deferred income taxes	308.6	95.0	75.1
Combined Net Income and Nonowner Changes in Shareholders Equity	\$ 2,423.9	\$ 2,060.2	\$ 1,819.5

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## CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31 (in millions)	2007	2006	2005
<b>Cash Flow from Operating Activities</b>			
Net Income	\$ 2,115.3	\$ 1,965.2	\$ 1,744.4
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	996.2	988.7	979.0
Stock compensation expense	135.9	122.9	134.1
Decrease in deferred income taxes	(65.9)	(45.8)	(39.1)
Gain on sale of business	(42.5)	—	(15.4)
Undistributed earnings of affiliated companies	(249.1)	(341.8)	(288.0)
Other, net	73.2	(168.6)	136.6
Operating cash flow before the change in working capital	2,963.1	2,520.6	2,651.6
(Increase)/Decrease in working capital	(23.5)	188.8	50.3
Cash provided by operating activities	2,939.6	2,709.4	2,701.9
<b>Cash Flow from Investing Activities</b>			
Capital expenditures	(870.0)	(812.5)	(1,136.7)
New business acquisitions	(155.7)	(101.0)	—
Proceeds from sale of business	41.6	—	48.3
Cash used for investing activities	(984.1)	(913.5)	(1,088.4)
<b>Cash Flow from Financing Activities</b>			
Increase in debt	1,708.2	334.8	100.0
Decrease in debt	(265.0)	(663.3)	(456.0)
Dividends paid to shareholders	(932.4)	(871.6)	(800.8)
Acquisition of treasury stock	(2,707.1)	(745.9)	(620.4)
Shares issued under stock plans	304.8	143.5	161.4
Cash used for financing activities	(1,891.5)	(1,802.5)	(1,615.8)
Net increase/(decrease) in cash during the year	64.0	(6.6)	(2.3)
Cash, beginning of year	219.2	225.8	228.1
Cash, end of year	\$ 283.2	\$ 219.2	\$ 225.8

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