

Remarks by Billy Gifford, Altria Group, Inc.'s (Altria) Chief Executive Officer (CEO), at Altria's 2021 Annual Meeting of Shareholders

NOTE: The text of Mr. Gifford's remarks delivered to shareholders at Altria's 2021 Annual Meeting of Shareholders is set forth below. Reconciliations of non-GAAP to GAAP measures may be found on altria.com.

Billy Gifford

Before I begin, please review the Safe Harbor Statement in today's presentation and the Forward-Looking and Cautionary Statements section in our prepared remarks posted on altria.com. Reconciliations and further explanations of the non-GAAP financial measures we discuss today are also available on altria.com.

I'll now briefly recap our 2020 and first-quarter 2021 results before moving to a discussion of our corporate responsibility priorities and environmental, social and governance, or ESG, efforts.

Altria delivered outstanding results in 2020. Our tobacco businesses were resilient, and our employees rose to the challenges together to navigate the COVID-19 pandemic, political and social unrest and an uncertain economic outlook.

In that environment, we:

- grew adjusted diluted earnings per share (EPS) by 3.6%;
- continued to reward our shareholders by increasing our dividend for the 55th time in 51 years; and
- laid the groundwork for our non-combustible product portfolio to make significant progress toward our Vision to responsibly lead the transition of adult smokers to a non-combustible future.

We're *Moving Beyond Smoking*[™] and leading the way by taking actions to transition millions of adult smokers to potentially less harmful choices. Last year, we executed against our Vision strategies that we have previously shared, including maximizing profits in our combustible businesses and responsibly expanding our non-combustible products.

Our smokeable products segment is the engine that enables investments behind our non-combustible portfolio and rewards our shareholders with a strong dividend. The segment delivered adjusted operating companies income growth of 10.2% in 2020. *Marlboro* remained strong throughout the year against a dynamic backdrop.

Cigarette volumes were little changed from 2019 as the pandemic altered adult smoker behaviors and purchasing patterns. And while 2020 represented a pause in some industry trends away from combustible products, we continue to believe that adult tobacco consumer preferences are evolving toward non-combustible offerings that hold the potential for reduced harm.

To address those preferences, we believe we made significant progress last year to set our non-combustible portfolio up for success in the years to come.

In 2020:

- Helix expanded *on!* nicotine pouches to 78,000 retail stores, a significant increase from 15,000 stores at the beginning of the year. Helix also submitted to U.S. Food and Drug Administration (FDA) pre-market tobacco applications for the *on!* portfolio ahead of the September deadline.
- PM USA launched *IQOS* and *Marlboro HeatSticks* in Charlotte and introduced the *IQOS* tobacco heating system for sale in select Charlotte convenience stores.
- And on the regulatory front, FDA granted a modified risk exposure claim for the *IQOS* 2.4 system. Additionally, in December, FDA authorized the *IQOS* 3 system for sale in the U.S.

While we're investing in building awareness and distribution of our non-combustible portfolio, we're also returning cash to shareholders. In 2020, we paid more than \$6 billion in cash dividends to shareholders and, this past January, our Board authorized a new \$2 billion share repurchase program that we expect to complete by June 30, 2022. Of course, future dividend payments and share repurchases remain subject to the discretion of our Board, and share repurchases depend on marketplace conditions and other factors.

Moving to our 2021 first-quarter results, we are off to a strong start to the year and believe our businesses are on track to deliver against their plans. Altria delivered adjusted diluted EPS of \$1.07, a 1.8% decline from first quarter 2020. Our tobacco businesses continued to produce strong results, while facing difficult year-over-year comparisons.

In non-combustible products, Helix continued to expand availability for *on!*, which was available in 93,000 retail stores at the end of the quarter. We also announced the completion of transactions that resulted in Altria obtaining full ownership of the global *on!* business. We are excited to bring *on!* to more adult smokers throughout the balance of 2021.

In heated tobacco, during the month of April, PM USA expanded *Marlboro HeatSticks* and *IQOS* devices statewide within Georgia, Virginia, North Carolina and South Carolina. Last week, an administrative law judge in the U.S. International Trade Commission (ITC) issued an adverse determination in a patent dispute related to *IQOS* between Philip Morris International, Altria and British American Tobacco. We plan to seek review of the judge's determination in the ITC this fall.

Turning to guidance, Altria reaffirms its expectation for 2021 full-year adjusted diluted EPS to be in a range of \$4.49 to \$4.62, representing a growth rate of 3% to 6% from an adjusted diluted EPS base of \$4.36 in 2020.

How we achieved these results is as important as what we achieved.

The pursuit of our Vision is about creating a more sustainable enterprise that's aligned with stakeholder expectations for responsibly managing our businesses. We know that shareholders expect us to deliver strong results while making progress against our corporate responsibility priorities and increased environmental, social and governance expectations.

We perform materiality assessments periodically to gather stakeholder perspectives on the most important ESG issues facing our businesses. Our latest assessment identified the following focus areas:

- reducing the harm of tobacco products;
- preventing underage use;
- protecting the environment;
- supporting our people and communities;
- driving responsibility through our value chain; and
- engaging and leading responsibly.

Leading in these areas isn't new for Altria, and we believe we are making significant progress across all six focus areas. We will now briefly highlight our efforts.

The materiality assessment overwhelmingly affirmed that the most important social issues for our companies to address are harm reduction and preventing underage use.

To be clear, kids should not use any tobacco products, and adults who don't use tobacco today should not start. For adult tobacco consumers concerned about the health risks of tobacco use, the best thing to do is quit. And we offer expert cessation support through our *QuitAssist* online resources.

For those who continue to smoke, our goal is to transition them to FDA-authorized, non-combustible products. And, we believe we are making substantial progress expanding both availability and awareness of our non-combustible portfolio. We are also enhancing our understanding of purchasing behaviors as adult tobacco consumers engage with our products. Each consumer's journey to a non-combustible product will be different. So we will use responsible, tailored marketing approaches, personalized customer support and evolve our products to advance harm reduction.

In addition, we believe it's critical that adult tobacco consumers understand the relative risks of non-combustible products compared to cigarettes. For years, we have agreed with the scientific consensus that tobacco products fall on a continuum of risk, and we were pleased when FDA adopted this perspective as part of its comprehensive plan

to regulate tobacco products. More recently, the relative harm from nicotine-containing products has been described in peer-reviewed literature as a risk cliff to emphasize that there are profound differences in risk between combustible and non-combustible categories.

It's important that adult tobacco consumers understand that combustion is a primary driver of tobacco harm and that nicotine is addictive. However, adult smokers have significant misperceptions about the health effects associated with nicotine containing products. We believe FDA and other public health authorities can help guide millions of adult smokers to potentially less harmful choices by correcting misperceptions about nicotine and product risk.

It is also FDA's role to assess the science and evidence supporting messages to adult tobacco consumers about the relative risks of tobacco products. For our part, we are investing in rigorous scientific studies to support these products; advancing our leadership through communications and engagement; and advocating for science-based policies and regulation. In support of this effort, we've established the position of Chief Scientific Officer to amplify our voice with the scientific and public health communities.

Lastly, as we pursue our Vision, we want to make sure that all adult smokers, regardless of background, demographics or financial means, have equitable opportunities to reduce the harm of smoking.

Based on the regulatory framework in place and our deep understanding of U.S. adult tobacco consumer preferences and behaviors, we believe we can make more progress on harm reduction in the next 10 years than we have in the past 50.

We also believe that preventing underage use is directly linked to preserving the long-term tobacco harm reduction opportunity for adult tobacco consumers. For years, we've taken a comprehensive approach to underage tobacco use prevention. We've made significant progress working with stakeholders to drive underage use of traditional tobacco products down to generational lows. In 2020, national government surveys also showed solid progress in reducing youth usage of e-vapor products, but we know more must be done.

Our newest initiatives include monetary incentives to retailers for age validation technology. We expect this technology to be installed in over 120,000 stores by the end of 2021. We're also investing in marketplace monitoring tools to gather more real-time data on underage usage trends to enable a faster response to potential issues and making that information available on our science website.

For businesses that make products intended for adults, we must also align with societal expectations of our marketing practices. Our companies build relationships between their brands and adult consumers while taking steps designed to limit reach to unintended audiences. In addition, for products newly authorized by FDA, like *IQOS*, our businesses submit marketing plans to FDA in advance of marketplace execution and conduct post-market surveillance to monitor any unintended reach or underage use.

We are committed to continue our work with multiple stakeholders to drive down underage use and preserve the harm reduction opportunity that non-combustible tobacco products hold for adult smokers.

We have a responsibility to minimize our environmental footprint and work to prevent the most damaging effects of climate change. Last year at this meeting, we announced ambitious 2030 targets, including a goal to significantly reduce our greenhouse gas emissions by 55% off a 2017 base. Our targets were approved by the Science Based Targets Initiative and represent a key step in our net-zero transition. Later this year, we will assess our ability to establish a net-zero target when the Science Based Targets Initiative releases its methodology.

Let's move now to Supporting our People and Communities.

The past year has been a challenging one for our employees and society at large. The pandemic and social unrest led companies to evaluate their commitments to advancing employee and community wellness and addressing social and economic inequities.

To address today's environment and enhance our culture, we're focused on:

- supporting the well-being of our workforce and communities;
- building an inclusive, diverse and equitable culture; and
- helping to address racial and economic inequities in the communities where we operate.

We've taken significant steps to advance our people and community efforts, and we're committed to transparency of our progress. I encourage you to learn more in the Supporting Our People and Communities report that we released in April.

The important issues of well-being, diversity and equity extend beyond our employees and community partners, to how we drive responsibility through our value chain.

We partner with growers and manufacturers to develop strong, sustainable supply chains. Our supply chain partners deliver high-quality goods and services, and we value these relationships greatly. We remain steadfast in our commitment to compliance and working with suppliers who respect workers' rights, help protect the environment, and comply with our contracts and laws.

On the other end of the value chain, our retail trade partners play an important role in responsibly selling our products and preventing youth usage. As we discussed earlier, we're committed to helping retailers expand their capabilities to limit youth access to tobacco products.

Altria is committed to making even more progress against our responsibility focus areas. I would direct you to altria.com, where we've already released our reports on Engaging and Leading Responsibly and Supporting Our People and Communities. They are the first two in a series of six reports that we'll release throughout the year to update you on progress in each of our newly identified responsibility focus areas.

In summary, we believe the long-term sustainability of our businesses depends on our ability to deliver comprehensive solutions to critical environmental, social and governance challenges impacting a broad range of stakeholders. As a tobacco company, we know that addressing the harm associated with tobacco use and underage prevention should be our top priorities. We also know that long-term sustainability must be comprehensive and address concerns across our focus areas. And while we've made significant progress, we know more needs to be done and we're up to the challenge.

Our progress and leadership in corporate responsibility continues to be recognized externally. In 2020, we were:

- awarded a double 'A' rating for tackling climate change and protecting water security by CDP;
- named as the Civic 50 Consumer Staples Section Leader among America's most community-minded companies; and
- ranked 4th among the S&P 500 for leadership on corporate political disclosure by the Center for Political Accountability Zicklin Index.

We also received a number of recognitions for the progress we have made enhancing our culture. Those included being a certified Great Place to Work, a perfect score of 100 on the Human Rights Campaign Corporate Equality Index and being recognized as one of the Best Places to Work for LGBTQ+ Equality.

Credit for all the achievements we've described belongs to our deeply talented employees. I'm extremely proud of their efforts through challenging times and I'm honored to lead this company.

Altria Profile

Altria has a leading portfolio of tobacco products for U.S. tobacco consumers age 21+. Altria's Vision through 2030 is to responsibly lead the transition of adult smokers to a non-combustible future (Vision). Altria is *Moving Beyond Smoking*[™], leading the way in moving adult smokers away from cigarettes by taking action to transition millions to potentially less harmful choices - believing it is a substantial opportunity for adult tobacco consumers, Altria's businesses and society.

Altria's wholly owned subsidiaries include the most profitable tobacco companies in their categories: Philip Morris USA Inc. (PM USA), U.S. Smokeless Tobacco Company LLC (USSTC) and John Middleton Co. (Middleton). Altria's non-combustible portfolio includes ownership of Helix Innovations LLC (Helix), the maker of *on!* oral nicotine pouches, exclusive U.S. commercialization rights to the *IQOS Tobacco Heating System*[®] and *Marlboro HeatSticks*[®], and an equity investment in JUUL Labs, Inc. (JUUL).

Altria complements its tobacco portfolio with ownership of Ste. Michelle Wine Estates (Ste. Michelle) and equity investments in Anheuser-Busch InBev SA/NV (ABI), the world's largest brewer, and Cronos Group Inc. (Cronos), a leading Canadian cannabinoid company.

The brand portfolios of Altria's tobacco operating companies include *Marlboro*[®], *Black & Mild*[®], *Copenhagen*[®], *Skool*[®] and *on!*[®]. Ste. Michelle produces and markets premium wines sold under various labels, including *Chateau Ste. Michelle*[®], *14 Hands*[®] and *Stag's Leap Wine Cellars*[™], and it imports and markets *Antinori*[®] and *Champagne Nicolas Feuillatte*[™] products in the United States. Trademarks and service marks related to Altria referenced in this release are the property of Altria or its subsidiaries or are used with permission.

Learn more about Altria at www.altria.com and follow us on Twitter, Facebook and LinkedIn.

Forward-Looking and Cautionary Statements

These remarks contain projections of future results and other forward-looking statements that involve a number of risks and uncertainties and are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Important factors that may cause actual results and outcomes to differ materially from those contained in the projections and forward-looking statements included in this release are described in Altria's publicly filed reports, including its Annual Report on Form 10-K for the year ended December 31, 2020 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021. These factors include the following:

- unfavorable litigation outcomes, including risks associated with adverse jury and judicial determinations, courts and arbitrators reaching conclusions at variance with our, our subsidiaries' or our investees' understanding of applicable law, bonding requirements in the jurisdictions that do not limit the dollar amount of appeal bonds, and certain challenges to bond cap statutes;
- government (including the FDA) and private sector actions that impact adult tobacco consumer acceptability of, or access to, tobacco products;
- tobacco product taxation, including lower tobacco product consumption levels and potential shifts in adult consumer purchases as a result of federal, state and local excise tax increases;
- unfavorable outcomes of any government investigations of Altria, our subsidiaries or investees;
- a successful challenge to our tax positions or an increase to the corporate income tax rate;
- the risks related to our and our investees' international business operations, including failure to prevent violations of various U.S. and foreign laws and regulations such as foreign privacy laws and laws prohibiting bribery and corruption;
- the risks associated with health epidemics and pandemics, including the COVID-19 pandemic and similar outbreaks, such as their impact on our financial performance and financial condition and on our subsidiaries' and investees' ability to continue manufacturing and distributing products, and the impact of health epidemics and pandemics on general economic conditions (including any resulting recession or other economic crisis) and, in turn, adult consumer purchasing behavior, which may be further impacted by any changes in government stimulus or unemployment payments;
- the failure of our tobacco and wine subsidiaries and our investees to compete effectively in their respective markets;
- the growth of the e-vapor category and other innovative tobacco products, including oral nicotine pouches, contributing to reductions in cigarette and MST consumption levels and sales volume;

- our tobacco and wine subsidiaries' and our investees' continued ability to promote brand equity successfully; to anticipate and respond to evolving adult consumer preferences; to develop, manufacture, market and distribute products that appeal to adult consumers (including, where appropriate, through arrangements with, and investments in third parties); to improve productivity; and to protect or enhance margins through cost savings and price increases;
- changes, including in economic conditions (due to the COVID-19 pandemic or otherwise), that result in adult consumers choosing lower-priced brands, including discount brands;
- the unsuccessful commercialization of adjacent products or processes by our tobacco subsidiaries and investees, including innovative tobacco products that may reduce the health risks associated with cigarettes and other traditional tobacco products, and that appeal to adult tobacco consumers;
- significant changes in price, availability or quality of tobacco, other raw materials or component parts, including as a result of the COVID-19 pandemic;
- the risks related to the reliance by our tobacco and wine subsidiaries on a few significant facilities and a small number of key suppliers, distributors and distribution chain service providers, and the risk of an extended disruption at a facility of, or of service by, a supplier, distributor or distribution chain service provider of our tobacco or wine subsidiaries or investees, including as a result of the COVID-19 pandemic;
- required or voluntary product recalls as a result of various circumstances such as product contamination or FDA or other regulatory action;
- the failure of our information systems or service providers' information systems to function as intended, or cyber-attacks or security breaches;
- our inability to attract and retain the best talent due to the impact of decreasing social acceptance of tobacco usage, tobacco control actions; and other factors;
- impairment losses as a result of the write down of intangible assets, including goodwill;
- the risks related to Ste. Michelle's wine business, including competition, unfavorable changes in grape supply, and changes in adult consumer preferences that have resulted and may continue to result in increased inventory levels and inventory write offs, and governmental regulations;
- the adverse effect of acquisitions, investments, dispositions or other events on our credit rating;
- our inability to acquire attractive businesses or make attractive investments on favorable terms, or at all, or to realize the anticipated benefits from an acquisition or investment and our inability to dispose of businesses or investments on favorable terms or at all;

- the risks related to disruption and uncertainty in the credit and capital markets, including risk of access to these markets both generally and at current prevailing rates, which may adversely affect our earnings or dividend rate or both;
- our inability to attract and retain investors due to the impact of decreasing social acceptance of tobacco usage or unfavorable ESG ratings;
- the risk that any challenge to our investment in JUUL, if successful, could result in a broad range of resolutions including divestiture of the investment or rescission of the transaction;
- the risks generally related to our investments in JUUL and Cronos, including our inability to realize the expected benefits of our investments in the expected time frames, or at all, due to the risks encountered by our investees in their businesses, such as operational, competitive, compliance, legislative and regulatory risks at the international, federal, state and local levels, including actions by the FDA, and adverse publicity; potential disruptions to our investees' management or current or future plans and operations; domestic or international litigation developments, government investigations, tax disputes or otherwise; and impairment of our investment in Cronos and changes in the fair value of our investment in JUUL;
- the risks related to our inability to acquire a controlling interest in JUUL as a result of standstill restrictions or to control the material decisions of JUUL, restrictions on our ability to sell or otherwise transfer our shares of JUUL until December 20, 2024, and non-competition restrictions for the same time period subject to certain exceptions;
- the adverse effects of risks encountered by ABI in its business, including effects of the COVID-19 pandemic, foreign currency exchange rates and the impact of movements in ABI's stock price on our equity investment in ABI, including on our reported earnings from and carrying value of our investment in ABI, which could result in impairment of our investment, and the dividends paid by ABI on the shares we own;
- the risks related to our inability to transfer our equity securities in ABI until October 10, 2021, and, if our ownership percentage decreases below certain levels, the adverse effects of additional tax liabilities, a reduction in the number of directors that we have the right to have appointed to the ABI board of directors, and our potential inability to use the equity method of accounting for our investment in ABI;
- the risk of challenges to the tax treatment of the consideration we received in the ABI/SABMiller business combination and the tax treatment of our equity investment; and
- the risks, including criminal, civil or tax liability for Altria, related to Altria's or Cronos's failure to comply with applicable laws, including cannabis laws.

Altria cautions that the foregoing list of important factors is not complete and does not undertake to update any forward-looking statements that it may make except as required by applicable law. All subsequent written and oral forward-looking statements attributable to Altria or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above.