Remarks by Billy Gifford, Altria Group, Inc.'s (Altria) Chief Executive Officer (CEO), at Altria's 2020 Annual Meeting of Shareholders

NOTE: The text of Mr. Gifford's remarks delivered to shareholders at Altria's 2020 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 today's press release for important information. They're available on altria.com, along with reconciliations and further explanations of the non-GAAP financial measures we'll be discussing.

Shareholders are familiar with our results through various means, including our 2019 Annual Report and our first quarter earnings release. All those materials are available at altria.com.

I'll briefly recap our results before moving to a discussion of our new 10-Year Vision, Corporate Responsibility Priorities and Environmental, Social and Governance, or ESG, efforts.

Altria's 2019 was characterized by two distinct stories - the outstanding performance of our core tobacco businesses and significant progress advancing our noncombustible business platform alongside disappointing performance from our JUUL investment. In a rapidly evolving tobacco category with opportunities and challenges, our employees accomplished more with less and responsibly delivered outstanding results.

We grew adjusted diluted earnings per share (EPS) and continued to reward our shareholders with growing cash dividends. Recast for a change in how we define special items related to our ABI investment, we grew adjusted diluted EPS by 4.7% in 2019. And we paid more than $6 billion in dividends to shareholders and increased the dividend for the 54th time in 50 years.

Our core tobacco businesses delivered strong financial performance, with each of the smokeable and oral tobacco products segments:

- delivering high single-digit adjusted operating companies income (OCI) growth;
- significantly expanding their adjusted OCI margins; and
- maintaining strength on their leading premium brands.

Turning to 2020, we took important steps during the first quarter to help our employees, businesses and communities navigate the coronavirus pandemic.

We approached the challenges of COVID-19 by focusing on the health and welfare of our employees. We implemented remote working and social distancing protocols. After suspending operations at our Richmond Manufacturing Center, we've since re-opened under enhanced safety protocols and currently, all our manufacturing facilities are producing products for our adult consumers.

For our communities, we've committed approximately $7 million to date to support relief efforts for our employee and grower communities, as well as our valued non-profit partners who have been hit hard by the pandemic. Additionally, we've donated supplies and we ran an employee giving campaign to support non-profits on the front lines of the pandemic. Our employees raised more than $200,000 for this campaign.

At the same time, Altria delivered strong first quarter performance - growing its adjusted diluted EPS by 18.5%. The core tobacco businesses again delivered strong adjusted OCI growth and cash flow. Of course, COVID-19 brings increased uncertainty to the macro-economic environment. We believe this uncertainty may persist and continue to impact Altria, our investees and our respective adult consumer populations. As a result, we recently withdrew our 2020 earnings guidance.

Our businesses are highly cash generative, and we've taken steps to strengthen our liquidity and balance sheet to increase our financial flexibility. We're committed to returning value to shareholders through dividends. We remain committed to maintaining our dividend payout ratio target of approximately 80% of adjusted diluted EPS. For 2020, while we've withdrawn our adjusted diluted EPS guidance, we plan to recommend a dividend to our Board of Directors (Board) that reflects our strong cash flow generation and balance sheet.

Earlier this year, we announced our 10-Year Vision to responsibly lead the transition of adult smokers to a noncombustible future. We believe the foundation for tobacco harm reduction in the U.S. is firmly set. Adult smokers are increasingly seeking alternatives to combustible products. And we have a federal regulatory framework that has established pathways to bring new tobacco products to market and communicate about their relative risks.

To achieve our Vision, we will pursue a number of strategies, including:

- leading the industry in operating responsibly and preventing underage use of adult products;
- developing and expanding our portfolio of U.S. Food and Drug Administration (FDA) authorized, noncombustible products and actively converting adult smokers to them;
- maximizing the profitability of our combustible products while appropriately balancing investments in *Marlboro* with funding the growth of our noncombustible portfolio; and
- seizing leadership in the external environment through communications, engagement, science-based policy and regulatory solutions.

We're excited to pursue our vision by making investments for the future while profitably growing our business and rewarding our shareholders.

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.

For more than two decades, operating responsibly has been core to our success as a business and has earned us our license to operate. Today, however, the tobacco industry is facing increased scrutiny. Altria must continue to build credibility and trust every day with our diverse stakeholders to achieve our vision. Understanding their expectations informs our responsibility priorities and business practices. Since 2014, we've pursued four focus areas:

- Reducing the harm of tobacco products;
- Marketing responsibly;
- Managing our supply chains responsibly; and
- Developing our employees and culture.

We also know it's important to invest in our communities, protect our natural resources and reduce our environmental footprint.

Let's discuss a few of these.

First, the primary expectation of our tobacco companies is to address the harm associated with their products. This means offering less harmful products to adult tobacco consumers and communicating about their risks and relative risks, preventing underage use and helping those who decide to quit.

In 2019, we strengthened our competitive position with potentially reduced-harm products for adult smokers by building a more diversified noncombustible product platform. And we're seeking FDA authorization to provide tobacco consumers with truthful, accurate information about reduced-risk products.

In fact,

- We've launched the *IQOS* heated tobacco system in Atlanta, Georgia and Richmond, Virginia. And we're awaiting a decision from FDA on Philip Morris International Inc.'s modified risk tobacco product application that seeks to communicate about the relative risks for adult smokers who switch to the *IQOS* system from cigarettes.
- In nicotine pouches, *on!* is now available in 28,000 stores. We're on track to submit pre-market tobacco applications for *on!* this month and are encouraged by the evidence that would support its FDA authorization.

- And we've conducted hundreds of engagements with policy makers, FDA, scientists and other stakeholders on topics including tobacco harm reduction, regulatory compliance, and Tobacco 21.

We know that the tobacco harm reduction opportunity for adults simply cannot be achieved if underage tobacco prevention is not a priority for all stakeholders.

Today, underage use of conventional tobacco products is at the lowest levels in a generation. In fact, the 2019 Monitoring the Future study estimates youth smoking rates to be 3.7%, an 87% reduction from its 1997 peak. However, underage use of e-vapor continued to rise in 2019. Tobacco manufacturers, regulators and policy-makers must act collaboratively and with urgency to do more to reverse this trend.

Altria is committed to being part of the solution. In 2019, we announced our plan to spend an incremental $100 million dollars toward underage tobacco prevention over the next several years. Our activities to date have included:

- supporting legislation to raise the legal age of purchase for all tobacco products to 21 at the state and federal levels, which was enacted nationwide and in 25 states to date;
- creating a new retailer trade program to reward responsible retailing through technology that validates age at the point of purchase;
- supporting retailer compliance with Tobacco 21 laws through training and "Move to 21" signage kits; and
- funding the expansion of our Success 360 prevention and cessation partners programming into new geographies and beyond middle schools into high schools.

Lastly, we provided access to information through QuitAssist for those who have decided to quit. Since 2015, we've had a more than 120% increase in site visits to the QuitAssist website, exceeding our 2018 target to increase annual visits by 20%.

We continue to aggressively pursue a comprehensive harm reduction strategy that will drive success against our 10-Year Vision. Successfully converting a significant portion of adult smokers to noncombustible products represents a substantial opportunity for our adult tobacco consumers, our business, society and our shareholders.

Let's move now into supply chain responsibility and our environmental goals.

Our companies work hard to develop strong, sustainable supply chains by partnering with thousands of suppliers from growers to manufacturers. Our supply chain partners deliver high-quality goods and services, and we value these relationships greatly. We promote a strong culture of compliance when selecting and managing suppliers. We work with suppliers who respect workers' rights, help protect the environment, and comply with our contracts and laws.

In 2019, we:

- continued to expand our diverse supplier spending to nearly 9% and we're approaching our 2023 goal of 15%;
- completed 100% of our planned Good Agricultural Practice, or GAP, assessments on domestic growers; and
- communicated with more than 1,800 tobacco growers to highlight our expectations on topics like using registered farm labor contractors and respecting workers' rights to join or not join a union.

We understand the effect that nature, including changes to our climate and water quality and availability, may have on our companies and their supply chains. We work with our suppliers to find ways to reduce costs and their environmental footprint.

And we're making good progress. Altria was identified by CDP as a global leader for engagement with suppliers on climate change. Altria was also commended as a global leader in sustainable water management and achieved a place on CDP's most-recent 2019 Water Security "A List".

Yet, external stakeholders' expectations continue to rise, which call for companies to achieve more ambitious environmental progress. We agree that more can be done, and Altria recently established more aggressive goals for 2030. These include:

- cutting absolute Scope 1 & 2 greenhouse gas emission by 55% off a 2017 base
- a Scope 3 goal to reduce our carbon footprint by 18 percent throughout our value chain,
- achieving 100% renewable electricity
- reducing waste sent to landfill by 25% compared to 2017, and
- an annual goal of achieving 100% water neutrality.

And, in April, we submitted our new Scope 1, 2 and 3 emissions reduction targets for official validation by the Science Based Targets initiative.

Let's move now to developing our employees and culture. Altria could not be as successful as we've been without investing in our employees, culture and communities.

To achieve our 10-year Vision, we need to inspire all employees to perform their best. With our talent and culture initiatives, we're trying to enable the right environment so that employees can reach their maximum potential. We also recognize that if we are going to achieve our Vision, we must be a more inclusive place to work and a more diverse company with more diverse leadership. To this end, we've established 10-Year Inclusion & Diversity Aiming Points that we'll measure progress against twice annually. And while we have work to do, we're proud of the progress we've made. One example of this progress is that Altria continues to be recognized as one of the "Best Places to Work for LGBTQ Equality."

Lastly, we also recognize the importance of strong governance practices. With Howard's retirement in April, the Board separated the roles of Chairman and CEO, naming Tom Farrell, previously Presiding Director, Chairman of the Board. This creates a more independent Board structure.

The long-term sustainability of our business depends on our ability to deliver comprehensive solutions to critical environmental, social and governance challenges impacting a broad range of stakeholders, including our shareholders, employees, adult tobacco consumers, partners across our value chain and those in the communities we impact.

My remarks today don't reflect the full depth of our commitment to responsibly operating our businesses or the progress we've made. In June, we'll release our 2019 Corporate Responsibility Progress Report. I invite you to learn more.

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

Thank you and from all of us at Altria, please stay safe.

Altria Profile

Altria's wholly-owned subsidiaries include Philip Morris USA Inc. (PM USA), U.S. Smokeless Tobacco Company LLC (USSTC), John Middleton Co. (Middleton), Sherman Group Holdings, LLC and its subsidiaries (Nat Sherman), Ste. Michelle Wine Estates Ltd. (Ste. Michelle) and Philip Morris Capital Corporation (PMCC). Altria owns an 80% interest in Helix Innovations LLC (Helix). Altria holds equity investments in Anheuser-Busch InBev SA/NV (ABI), JUUL Labs, Inc. (JUUL) and Cronos Group Inc. (Cronos).

The brand portfolios of Altria's tobacco operating companies include *Marlboro*®, *Black & Mild*®, *Copenhagen*®, *Skoal*® and o*n!*® . 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*®, *Champagne Nicolas Feuillatte*™ and *Villa Maria Estate*™ 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. More information about Altria is available at altria.com and on the Altria Investor app, or follow Altria on Twitter, Facebook and LinkedIn.

Forward-Looking & 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 these remarks are described in Altria's publicly filed reports, including its Annual Report on Form 10-K for the year ended December 31, 2019 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. These factors include the following:

- 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;
- 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 FDA) and private sector actions that impact adult tobacco consumer acceptability of, or access to, tobacco products;
- the growth of the e-vapor category and other innovative tobacco products contributing to reductions in cigarette and moist smokeless tobacco consumption levels and sales volume;
- 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;
- the failure by our tobacco and wine subsidiaries to compete effectively in their respective markets;
- our tobacco and wine subsidiaries' 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, 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, and the risk of an extended disruption at a facility or of service by a supplier 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;
- unfavorable outcomes of any government investigations of Altria, our subsidiaries or investees;
- a successful challenge to our tax positions;
- 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 laws prohibiting bribery and corruption;
- our inability to attract and retain the best talent due to the impact of decreasing social acceptance of tobacco usage and tobacco control actions;
- 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;
- 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 risk that any challenge to our investment in JUUL, if successful, could result in a broad range of resolutions such as 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, compliance 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 investments;
- 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 Cronos's or Altria'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.