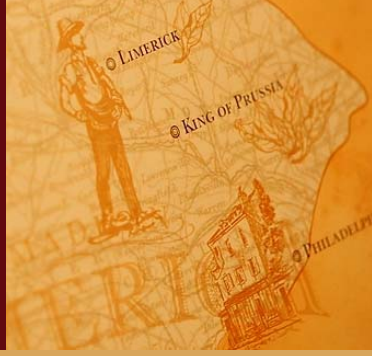
Our Presence in Pennsylvania



- Altria Group owns and develops financially disciplined businesses that are leaders in responsibly providing adult tobacco consumers with superior branded products. Among its subsidiaries are:
  - Philip Morris USA (PM USA), the nation's largest cigarette company;
  - U.S. Smokeless Tobacco Company, the world's largest manufacturer and marketer of smokeless tobacco products; and
  - Pennsylvania-based John Middleton Co., a leading manufacturer and marketer of pipe tobacco and cigars.

History in PA

- John Middleton Co. (Middleton) was founded in 1856 and began as a retail tobacco store in Philadelphia, PA.
- In 1968, Middleton created and began manufacturing and marketing pipe tobacco.
- In 1980, Middleton launched *Black & Mild* cigars, made with the company's *Black & Mild* pipe tobacco, and purchased several brands of pipe tobacco (*Kentucky Club, Prince Albert, Carter Hall, Apple* and *Royal Comfort*);
- Today, Middleton's *Black & Mild* five-cigar pack is the best-selling cigar package in the United States (in dollars and units).
- In December 2007, John Middleton Co. became a wholly-owned subsidiary of Altria Group Inc.

Altria Facilities and People

- Middleton's facilities are in Limerick, PA and King of Prussia, PA. The company employs about 570 people at these two sites. The vast majority are hourly manufacturing employees.
- Middleton's Limerick facility occupies 17 acres on N. Lewis Road and the King of Prussia facility sits on approximately 7.5 acres on W. Church Road.
- PM USA also has a field sales office in Berwyn, PA. Nearly 100 PM USA employees live in Pennsylvania.
- PM USA and Altria Client Services (Altria's corporate services subsidiary) recruit both university and experienced candidates for positions from approximately 30 select colleges and universities, including Penn State University. Since 2005, PM USA and Altria Client Services have hired 45 interns from Penn State University, and converted 16 of those interns to full-time employment.

Altria

Our Pennsylvania Economic Impact

Altria's Economic Impact on PA

- In 2007, John Middleton Co. contributed more than $42 million to the PA economy in employee wages and various state and local taxes.
- Cigars and pipe tobacco produced by Middleton in PA generate approximately $60.8 million in federal excise taxes annually.
- From 2000-2008, Pennsylvania has received an estimated $3.34 billion under the Tobacco Settlement Agreement from participating cigarette manufacturers.[1]

2008	SET Revenues[2]	MSA Revenues[3]	Cigarette Sales Tax Revenues[4]	Total Cigarette Related Revenues	Total Tax Revenues (000's)[5]	Total Cigarette-Related Revenues as a % of Total Revenues
PA	1,031,871,150	382,000,000	201,477,223	1,615,348,373	32,123,640	5.0%

Altria Supply Chain

- American tobacco is the backbone of the cigarettes PM USA makes. A stable supply of U.S. tobacco is important to PM USA because every Marlboro cigarette sold in the U.S. is made predominantly of American tobacco. In 2007, PM USA purchased more than 8.8 million pounds of burley tobacco from more than 700 Pennsylvania growers. PM USA receives burley tobacco through a privately owned receiving station in New Holland, PA.
- Through PM USA's Tobacco Farmer Partnering Program (TFPP), the company awards scholarships to dependents of tobacco growers for vocational training, undergraduate and graduate college degree programs. Since the program began in 2000, Philip Morris USA has awarded more than $2 million in scholarships to recognize the accomplishments of children of its tobacco farmer partners, including PA farming families.

1 "Actual Tobacco Settlement Payments Received by the States," Campaign for Tobacco Free Kids, Eric Lindblom, Nov. 10, 2008.
2 2008 excise tax revenues are from: Bill Orzechowski & Rob Walker, *The Tax Burden on Tobacco*, vol. 43 (forthcoming); funded in part by Altria Client Services Inc.
3 Lindblom, Eric. "Big Increases to State MSA Payments Starting April 2008", *Campaign for Tobacco-Free Kids,* April 22, 2008. Settlement payments to Florida, Minnesota, Mississippi, and Texas are from: Lindblom, Eric, "Actual Tobacco Settlement Payments Received by the States", *Campaign for Tobacco-Free Kids,* April 22, 2008.
4 Estimated sales tax revenues based on 2008 state tax-paid sales from: Bill Orzechowski & Rob Walker, *The Tax Burden on Tobacco*, vol. 43 (forthcoming); funded in part by Altria Client Services Inc; prices as of 11-2007 from: Bill Orzechowski & Rob Walker, *The Tax Burden on Tobacco*, vol. 42 (February 2008); funded in part by Altria Client Services Inc.; and current state sales tax rates.
5 Total 2008 state tax revenues are based on the quarterly state tax revenues as reported by the U.S. Census, www.census.gov.

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