

# FACT SHEET

## Altria Group, Inc. Acquires John Middleton, Inc.

### The Acquisition

- On November 1, 2007, Altria Group, Inc. entered into an agreement with privately held Bradford Holdings to acquire 100% of John Middleton, Inc. for \$2.9 billion in cash
- The net cost of the acquisition, after deducting approximately \$700 million in present value tax benefits arising from the terms of the transaction, was \$2.2 billion
- The acquisition, which was financed with existing cash, is expected to be modestly accretive to Altria's 2008 earnings and generate an attractive double digit economic return
- On December 11, 2007, Altria Group, Inc. announced that, having received regulatory clearance, it completed the acquisition of John Middleton, Inc.

### Overview of John Middleton, Inc.

- Manufactures and markets machine-made large cigars and pipe tobacco
- Facilities are located in King of Prussia and Limerick, Pennsylvania
- Employs nearly 550 people
- Total U.S. company year-to-date retail market share of machine-made large cigars is approximately 24%\* through June 2007
- *Black & Mild* brand is the number two machine-made large cigar brand with a year-to-date retail market share of approximately 23%\* through June 2007
- *Black & Mild 5-pack* is the best-selling machine-made large cigar package in the U.S.\*
- Approximately 90% of Middleton's revenue and operating income results are derived from its cigar business

\* Information Resources, Inc. Total U.S. FDMC Syndicated Reviews Database

## 2007 Estimated Financial Performance of John Middleton, Inc.

- Full-year estimated 2007 operating income of \$182 million; operating revenue of \$360 million; unit volume of 1.2 billion cigars; and operating margin of approximately 50%
- Over the 2003 to 2007 period, operating revenues and operating income are estimated to have grown at compound annual rates of approximately 10% and 13%, respectively, driven by the strength of the *Black & Mild* cigar brand franchise.

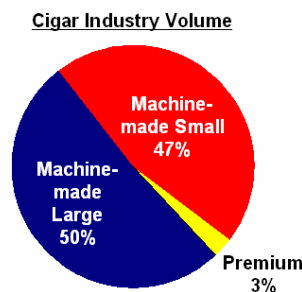
## John Middleton, Inc. Other Brands in Pipe Tobacco Business

- *Prince Albert; Carter Hall; Middleton's; Kentucky Club*

## U.S. Cigar Industry

- Estimated 2007 total cigar volume is approximately 10.5 billion cigars
- Estimated 2007 machine-made large cigar volume is approximately 5.3 billion cigars
- Machine-made large cigar volumes have been growing approximately four percent each year since 2003

Machine-made Large Cigars	Hand-rolled Premium Cigars
<ul style="list-style-type: none"><li>■ Key Characteristics<ul style="list-style-type: none"><li>- Machine-made</li><li>- Some tipped</li><li>- &gt;3lbs per thousand cigars</li></ul></li></ul>	<ul style="list-style-type: none"><li>■ Key Characteristics<ul style="list-style-type: none"><li>- Hand-rolled</li><li>- &gt;3lbs per thousand cigars</li></ul></li></ul>



## John Middleton, Inc. History

- Founded in 1856 as a tobacco shop in downtown Philadelphia, PA
- Beginning in the early 1900s, retail operations and national presence are developed
- In 1958, John Middleton, Inc. withdraws from retail operations to focus on manufacturing and selling its own tobacco products
- The King of Prussia facility opens in 1960, ending manufacturing operations in Philadelphia
- In 1968, John Middleton, Inc. launches its first cigar made of pipe tobacco
- *Black & Mild* Pipe Tobacco launches in 1978 and *Black & Mild* Pipe-Tobacco Cigars in 1980
- Completes acquisition of select competitive pipe tobacco brands in 1985 from General Cigar Brands and in 1987 from RJ Reynolds
- In 1998, expands into Limerick, PA manufacturing facility
- The first *Black & Mild* line extension, *Black & Mild* Mild, launches in 2002
- *Black & Mild* Fast Break launches in 2004
- *Black & Mild* Filter Tip launches in 2006