UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________to __________

Commission File Number 1-08940

ALTRIA GROUP, INC.

(Exact name of registrant as specified in its charter)

Virginia	**13-3260245**
State or other jurisdiction of incorporation or organization	**(I.R.S. Employer Identification No.)**
6601 West Broad Street, Richmond, Virginia	**23230**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code 804-274-2200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, $0.33 1/3 par value	MO	New York Stock Exchange
2.200% Notes due 2027	MO27	New York Stock Exchange
3.125% Notes due 2031	MO31	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☑ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☑ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☑ No

As of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $98 billion based on the closing sale price of the common stock as reported on the New York Stock Exchange.

Class	Outstanding at February 13, 2026
Common Stock, $0.33 1/3 par value	1,671,898,087 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement for use in connection with its annual meeting of shareholders to be held on May 14, 2026, to be filed with the U.S. Securities and Exchange Commission on or about April 2, 2026, are incorporated by reference into Part III hereof.

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Part I

Item 1. Business.

General Development of Business

When used in this Annual Report on Form 10-K ("Form 10-K"), the terms "Altria," "we," "us" and "our" refer to either (i) Altria Group, Inc. and its consolidated subsidiaries or (ii) Altria Group, Inc. only and not its consolidated subsidiaries, as appropriate in the context.

We have a leading portfolio of tobacco products for U.S. tobacco consumers age 21+. We are *Moving Beyond Smoking*™, by responsibly transitioning adult smokers to a smoke-free future, competing vigorously for existing smoke-free adult nicotine consumers and exploring new growth opportunities - beyond the United States and beyond nicotine ("Vision").

Our wholly owned subsidiaries include Philip Morris USA Inc. ("PM USA"), which is engaged in the manufacture and sale of cigarettes; John Middleton Co. ("Middleton"), which is engaged in the manufacture and sale of machine-made large cigars and is a wholly owned subsidiary of PM USA; UST LLC ("UST"), which, through its wholly owned subsidiary U.S. Smokeless Tobacco Company LLC ("USSTC"), is engaged in the manufacture and sale of moist smokeless tobacco ("MST") products; Helix Innovations LLC ("Helix") and its foreign affiliates ("Helix International"), which are engaged in the manufacture and sale of oral nicotine pouches; and NJOY, LLC ("NJOY"), which is engaged in the manufacture and sale of e-vapor products. We operate primarily within the United States and generate substantially all of our revenue from domestic customers. Other wholly owned subsidiaries include Altria Group Distribution Company ("AGDC"), which provides domestic sales and distribution services to our operating companies, and Altria Client Services LLC ("ALCS"), which provides various support services to our companies in areas such as legal, regulatory, research and product development, consumer engagement, finance, human resources and external affairs.

At December 31, 2025, we owned a 75% economic interest in Horizon Innovations LLC ("Horizon"), a joint venture with JTI (US) Holding, Inc. ("JTIUH"), a subsidiary of Japan Tobacco Inc. ("Japan Tobacco"), which owned the remaining 25% economic interest. Horizon is responsible for the U.S. marketing and commercialization of heated tobacco stick ("HTS") products owned by either party.

At December 31, 2025, our reportable segments were smokeable products, oral tobacco products and e-vapor products. Our all other category included (i) Horizon; (ii) Helix International; and (iii) other business activities, which primarily consists of research and development ("R&D") expense related to certain new product platforms and technologies. For further information, see Note 15. *Segment Reporting* to our consolidated financial statements in Item 8. Financial Statements and Supplementary Data of this Form 10-K ("Item 8").

Our investments include Anheuser-Busch InBev SA/NV ("ABI") and Cronos Group Inc. ("Cronos"), which we account for under the equity method of accounting using a one-quarter lag.

Description of Business

Portions of the information relating to this Item are included in *Operating Results by Business Segment* in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Form 10-K ("Item 7").

Our operating companies include PM USA, Middleton, USSTC, Helix and NJOY.

The products of our operating companies include: (i) smokeable tobacco products, consisting of combustible cigarettes manufactured and sold by PM USA and machine-made large cigars manufactured and sold by Middleton; (ii) oral tobacco products, consisting of MST products manufactured and sold by USSTC and oral nicotine pouches manufactured and sold by Helix; and (iii) e-vapor products manufactured and sold by NJOY.

- **Cigarettes:** PM USA is the largest cigarette company in the United States and substantially all cigarettes are manufactured and sold to customers in the United States. *Marlboro*, the principal cigarette brand of PM USA, has been the largest-selling cigarette brand in the United States for over 50 years. Total smokeable products segment's cigarettes shipment volume in the United States was 61.8 billion units in 2025, a decrease of 10.0% from 2024.

- **Cigars:** Middleton is engaged in the manufacture and sale of machine-made large cigars. Middleton contracts with a third-party importer to supply substantially all of its cigars and sells substantially all of its cigars to customers in the United States. *Black & Mild* is the principal cigar brand of Middleton. Total smokeable products segment's cigars shipment volume was approximately 1.8 billion units in 2025, an increase of 1.8% from 2024.

- **Oral tobacco products:** USSTC is the leading producer and marketer of MST products. The oral tobacco products segment includes the premium brands, *Copenhagen* and *Skoal*, and a value brand, *Red Seal*, sold by USSTC. In addition, the oral tobacco products segment includes *on!* oral nicotine pouches sold by Helix. Substantially all of the oral tobacco products are manufactured and sold to customers in the United States. Total oral tobacco products segment's shipment volume was 732.4 million units in 2025, a decrease of 5.5% from 2024.

- **E-Vapor products:** NJOY contracts with third-party importers to supply all of its products and sells its e-vapor products to customers in the United States. NJOY's product portfolio of tobacco and menthol e-vapor products is covered by marketing granted orders ("MGO") from the U.S. Food and Drug Administration ("FDA"). *NJOY ACE*, the principal e-vapor product of NJOY, is subject to an exclusion order and cease-and-desist orders issued by the U.S. International Trade Commission ("ITC") prohibiting the importation and sale of *NJOY ACE* in the United States, as further discussed in Note 18. *Contingencies* to our consolidated financial statements in Item 8 ("Note 18").

- **Other tobacco products:** In connection with the joint venture agreement with JTIUH, Horizon will market and commercialize HTS products, which are defined in the joint venture agreement as products that include both (i) a tobacco heating device intended to heat the consumable without combusting and (ii) a consumable that meets the definition of a cigarette under the U.S. Federal Cigarette Labeling and Advertising Act. Horizon is responsible for the U.S. commercialization of current and future HTS products owned by either party and, upon authorization by the FDA, will become the exclusive entity through which the parties market and commercialize HTS products in the United States. Upon FDA authorization of Ploom HTS products, JTIUH will supply Ploom HTS devices and PM USA will manufacture Marlboro HTS consumables for U.S. commercialization. As of February 25, 2026, there are no products in the U.S. marketplace from the joint venture.

- **Distribution, Competition and Raw Materials:** Our tobacco subsidiaries sell their tobacco products principally to wholesalers (including distributors) and large retail organizations, including chain stores.

The market for tobacco products is highly competitive, characterized by brand recognition and loyalty, with product quality, taste, price, product innovation, marketing, packaging, distribution and promotional activities constituting the significant methods of competition. Promotional activities include, in certain instances and where permitted by law, allowances, the distribution of incentive items, price promotions, product promotions, coupons and other discounts.

In the United States, under a contract growing program, PM USA purchases the majority of its burley and flue-cured leaf tobaccos directly from domestic tobacco growers. Under the terms of this program, PM USA agrees to purchase the amount of tobacco specified in the grower contracts that meets PM USA's grade and quality standards. PM USA also purchases a portion of its tobacco requirements through leaf merchants.

Middleton purchases burley, dark air-cured and flue-cured leaf tobaccos through leaf merchants. Middleton does not have a contract growing program.

USSTC purchases dark fire-cured, dark air-cured and burley leaf tobaccos from domestic tobacco growers under a contract growing program. Under the terms of this program, USSTC agrees to purchase the amount of tobacco specified in the grower contracts that meets USSTC's grade and quality standards.

Helix, through an affiliate, and NJOY purchase tobacco-derived nicotine materials from suppliers and believe their suppliers can satisfy current and anticipated future production requirements.

Our tobacco subsidiaries believe there is an adequate supply of tobacco in the world markets to satisfy their current and anticipated production requirements.

Other Matters

- **Customers:** For a discussion of our largest customers, including their percentages of our consolidated net revenues for the years ended December 31, 2025, 2024 and 2023, see Note 15. *Segment Reporting* to our consolidated financial statements in Item 8 ("Note 15").

- **Executive Officers of Altria:** The disclosure regarding executive officers is included in Item 10. Directors, Executive Officers and Corporate Governance - *Information about Our Executive Officers as of February 13, 2026* of this Form 10-K.

- **Human Capital Resources:** We believe our workforce is critical to achieving our Vision. Attracting, developing, retaining and deploying the best talent with the skills to make significant progress toward our Vision is a key business priority. Moreover, we recognize the importance of doing business the right way. We believe culture influences employee actions and decision making. This is why we dedicate resources to promoting an engaging workplace; attracting, developing, retaining and deploying talented employees to build a high-performing and diverse talent pipeline; promoting a culture of compliance and integrity; creating a safe workplace; and rewarding and recognizing employees for both the results they deliver and, importantly, how they deliver them.

Oversight and Management

Our Human Resources department is responsible for managing employment-related matters, including recruiting and hiring, onboarding, compensation and benefits design and implementation, performance management, career management and succession planning and professional and learning development. Our Board of Directors ("Board of Directors" or "Board") and the Compensation and Talent Development Committee provide oversight of human capital matters, including reviewing initiatives and programs related to corporate culture and enterprise-wide talent development.

One of our core Responsibility Focus Areas revolves around our people as we are focused on our employees' safety, wellbeing and opportunity. We invest in our people to support their development while creating a safe and empowering environment where we believe our employees can thrive. We regularly report specific goals and progress metrics related to these efforts on our website (www.altria.com).

Compensation and Benefits

Our compensation and benefits programs are designed to help us attract, retain and motivate strong talent. However, we recognize that the decreasing social acceptance of tobacco usage may impact our ability to attract and retain talent with skills necessary for us to achieve our Vision. We work to manage this risk by, among other things, targeting total compensation packages to be above peer companies with which we compete for talent. Depending on employee level, total compensation includes different elements – base salary, annual cash incentives, long-term equity and cash incentives and benefits.

We are committed to pay equity across our companies. Based on the most recent annual analysis we conducted in 2025, for employees performing the same or similar duties regardless of any differentiating factors, such as performance and tenure, salaries of our female employees were 98.4% of those of our male employees, and salaries of our employees of color were 98.5% of those of our white employees. If we adjust for differentiating factors that legitimately influence pay, salaries of our female employees were 99.9% of those of our male employees, and salaries of our employees of color were 99.9% of those of our white employees.

In addition to cash and equity compensation, we offer generous employee benefits such as significant company contributions to deferred profit sharing plans, consumer-driven health plan coverage, vacation and holiday pay, disability and life insurance. We also offer up to 12 weeks of paid family leave to bond with a newborn child, the placement of a child for adoption or foster care, or to care for a family member who has a serious health condition. Our benefits also include physical, emotional and financial wellness programs and family creation assistance benefits, such as reimbursement of surrogacy, adoption assistance and doula expenses. While there is some variability in employee benefits across our companies, the examples we provide are available to most employees.

We are also committed to investing in the educational development of our workforce through a tuition refund program for job-related courses or company-related degrees. We also provide eligible employees with a company-funded contribution applied to the employee's qualified higher education student loans to help reduce student loan debt.

Attracting, Developing, Retaining and Deploying Talent

We are focused on identifying the most qualified talent and investing in leader and employee development to build a diverse talent pipeline prepared and willing to lead at every level. Additionally, we are dedicated to being an engaging place to work for all employees, regardless of personal background or work function. We recognize the critical importance of these efforts toward pursuing our Vision and believe in the value of a workforce composed of a broad and diverse spectrum of backgrounds, skills, experiences and cultures.

Our salaried entry-level recruitment efforts include building relationships with university students, internship opportunities and partnerships with organizations that support a broad range of students. We also hire experienced employees with demonstrated skills and/or leadership capabilities.

To help our employees succeed in their roles and develop in their careers, we emphasize ongoing training and leadership development opportunities. Building skills that drive innovation and aligning our employees to our Vision is important for our long-term success. The Human Resources department leads our learning and development efforts partnering with learning professionals embedded in functions throughout our operating and services companies. Employees have access to a wide variety of development programs, including new employee onboarding, in-person, virtual and self-guided training programs, technical training, including training to maintain professional certifications, and our educational refund program for continuing education.

We also have an employee recognition program that allows leaders and employees to reward and recognize colleagues for their outstanding performance and everyday excellence.

We regularly conduct confidential employee engagement surveys to seek feedback on a variety of topics, including employee satisfaction, support from leadership, corporate culture and culture of compliance. In addition, in 2025, these quarterly employee surveys sought feedback on topics such as employee engagement, inclusion, equal opportunity, compliance, management support, modernization efforts and employees' understanding and belief in business strategy and organizational changes. Survey results, including comparisons to prior results, are shared with our employees and our Board and are used to modify or enhance our human capital management programs.

We also monitor our progress toward building our organization through various metrics, including comparisons to external benchmarks, and report workforce data annually. Our data-driven efforts focus on removing barriers to equal opportunity in compliance with applicable law.

Work Modernization

We announced a multi-phase *Optimize & Accelerate* initiative (“Initiative”) in October 2024 designed to enhance organizational speed, efficiency and effectiveness. The Initiative includes centralizing work, outsourcing certain transactional activities and streamlining, automating and standardizing processes across the enterprise. We are realizing process efficiencies, improving task turnaround times through centralized and automated workflows and enhancing process effectiveness. Our Accelerated Business Solutions organization is assisting with sustaining these improvements and driving further efficiency and process optimization by using technology and through collaboration with external service providers. To support these enhanced business processes, we are implementing technology solutions, organizational design changes and deploying enterprise-wide and function-specific change management programs to facilitate workforce adoption. For additional information, see *Our Business* in Item 7.

Workplace Safety

Our goal is for every employee to experience an injury-free career, which is supported by our Safety Management System. We strive for continuous improvement in our employee safety program through Safety Management System infrastructure. Our Occupational Safety and Health Administration recordable injury rate for 2025 was 1.7% (versus 1.8% for 2024) and remains below the benchmark for companies in the U.S. Beverage and Tobacco Product Manufacturing industry classification.

Number of Employees and Labor Relations

At December 31, 2025, we employed approximately 5,900 people. Twenty-six percent of our employees were hourly manufacturing employees who are members of labor unions subject to collective bargaining agreements. We believe we engage and collaborate effectively with our hourly employees, as demonstrated by the positive working relationship between our companies and the unions. We also have long-term agreements that resolve any collective bargaining dispute through binding arbitration, which further demonstrates our trust-based relationship with the unions.

Supply Chain Human Capital Matters

We manage human capital risks across our global supply chain through a risk-based due diligence approach focused on identifying and addressing potential labor-related issues. This approach includes supplier assessments, contractual requirements and targeted monitoring, with emphasis on higher-risk geographies, sectors and categories.

Where applicable, we use industry-led initiatives, including the GAP Connections Program and the Sustainable Tobacco Program, to evaluate supplier practices against labor management and human rights standards. Notably, in 2025, 100% of our leaf and nicotine suppliers participated in these programs, underscoring our commitment to upholding high standards throughout our supply network. In addition, our Supplier Code of Conduct sets expectations for all suppliers, including prohibitions on child labor, forced labor and other human rights violations.

We conduct social compliance audits of select suppliers, prioritizing those in high-risk regions, and require corrective actions when findings occur. Suppliers operating in high-risk countries are subject to enhanced due diligence and ongoing monitoring.
More information about efforts discussed in this section can be found in our Corporate Responsibility Reports on our website (www.altria.com).

- **Intellectual Property:** Trademarks are of material importance to us and are protected by registration or otherwise. In addition, as of December 31, 2025, the portfolio of United States patents owned by our businesses, as a whole, was material to us and our businesses. However, no one patent or group of related patents was material to our businesses as of December 31, 2025. Our businesses also have proprietary trade secrets, technology, know-how, processes and other intellectual property rights that are protected by appropriate confidentiality measures. Certain trade secrets are material to us and our businesses.

- **Government Regulations:** We are subject to various federal, state and local laws and regulations. For example, the Family Smoking Prevention and Tobacco Control Act (“FSPTCA”) provides the FDA with broad authority to regulate the design, manufacture, packaging, advertising, promotion, sale and distribution of tobacco products; the authority to require disclosures of related information; and the authority to enforce the FSPTCA and related regulations. For further discussion of laws and regulations impacting our operating companies, see *Operating Results by Business Segment - Business Environment* in Item 7.

We and our subsidiaries (and former subsidiaries) are also subject to various federal, state and local laws and regulations concerning the discharge of materials into the environment, or otherwise related to environmental protection, including, in the United States: the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act (commonly known as “Superfund”), which can impose joint and several liability on each responsible party. Altria and our former subsidiaries are involved in several matters subjecting them to potential costs of remediation and natural resource damages under Superfund or other laws and regulations. Our subsidiaries expect to continue to make capital and other expenditures in connection with environmental laws and regulations. In the opinion of our management, however, compliance with environmental laws and regulations, including the payment of any remediation costs or damages and related expenditures, has not had, and is not expected to have, a material adverse effect on our business, results of operations, capital expenditures, financial position or cash flows.

For further discussion of the foregoing matters, the business environment, trends in market demand and competitive conditions, and related risks, see Item 1A. Risk Factors of this Form 10-K ("Item 1A") and *Critical Accounting Estimates* and *Operating Results by Business Segment - Business Environment* in Item 7.

Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission ("SEC"). The SEC maintains an Internet website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers from which investors can electronically access our SEC filings.

We make available free of charge on or through our website (www.altria.com) our Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Investors can access our filings with the SEC by visiting www.altria.com/secfilings.

The information on our respective websites is not, and shall not be deemed to be, a part of this Form 10-K or incorporated into any other filings we make with the SEC.

Item 1A. Risk Factors.

Our business is subject to various risks and uncertainties that are difficult to predict, may materially affect actual results and are often outside of our control. We identify a number of these risks and uncertainties below. You should read the following risk factors carefully in connection with evaluating our business and the forward-looking statements contained in this Form 10-K.

This Form 10-K contains statements concerning our expectations, plans, objectives, future financial performance and other statements that are not historical facts. You can identify these forward-looking statements by our use of words such as "strategy," "expects," "continues," "plans," "anticipates," "believes," "will," "estimates," "forecasts," "intends," "projects," "goals," "objectives," "guidance," "targets" and other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans, estimates and assumptions. Achievement of future results is subject to risks, uncertainties and assumptions that may prove to be inaccurate. If risks or uncertainties materialize, or if underlying estimates or assumptions prove inaccurate, actual results could differ materially from those anticipated. You should bear this in mind as you consider forward-looking statements and whether to invest in or remain invested in our securities. Under the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we identify important factors that, individually or in the aggregate, could cause actual results and outcomes, including with respect to our ability to achieve our Vision, to differ materially from those contained in, or implied by, any forward-looking statements we make. We elaborate on these important factors and the risks we face throughout this Form 10-K, particularly in the "Executive Summary" and "Business Environment" sections preceding our discussion of the operating results of our segments in Item 7. You should understand that it is not possible to predict or identify all factors and risks. Consequently, you should not consider the foregoing list to be complete. We do not undertake to update any forward-looking statement that we may make from time to time except as required by applicable law.

Risks Relating to Our Business

Business Operations Risks

We may be unsuccessful in anticipating and responding to changes in adult nicotine consumer purchase behavior, including as a result of difficult economic conditions, and preferences, each of which could have a material adverse effect on our business, results of operations, cash flows or financial position.

Our operating companies' portfolios of nicotine products are largely comprised of premium brands, such as *Marlboro*, *Copenhagen* and *Skoal*. The willingness of adult nicotine consumers to purchase premium brands is affected by macroeconomic conditions, including inflation and overall economic stability. In periods of economic uncertainty and high inflation, we have observed that adult nicotine consumers reduce consumption, purchase more discount brands and consider lower-priced nicotine products, increasing the market share of competitive discount products.

If our operating companies are unable to take actions to mitigate the effects of inflationary pressures and other factors that contribute to their products' industry volume decline rates, it could negatively impact our business, results of operations, cash flows or financial position. For example, due to inflationary pressures and other adverse macroeconomic factors, our operating companies may be unable to sufficiently increase the prices of their premium products to offset volume declines from consumers down-trading to lower-priced competitive brands or moving across nicotine product categories. This inability to increase product prices could have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision.

In addition, as adult nicotine consumer preferences evolve, consumers are increasingly moving across nicotine product categories, including selecting different categories of nicotine products than those they traditionally purchase and purchasing illicit flavored e-vapor products. These evolving preferences have primarily resulted in domestic cigarette industry volume declines, which have negatively impacted our business.

Our ability to effectively respond to new and evolving adult nicotine consumer purchase behavior catalyzed by challenging macroeconomic conditions and changes in adult nicotine consumer preferences depends on our ability to promote brand equity successfully among our premium and discount brands and broaden our product portfolios across price-points and categories, including by bringing to market new and innovative nicotine products that appeal to adult nicotine consumers. Our failure to do so or our failure to anticipate changing adult nicotine consumer preferences, improve productivity or protect or enhance margins through cost savings and price increases, could have a material adverse effect on our business, results of operations, cash flows or financial position.

We face significant competition, including from the growth of innovative nicotine products, and our failure to compete effectively could have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision.

Our operating companies operate in highly competitive environments. Significant competition exists with respect to product quality, taste, price, product innovation, marketing, packaging, distribution and promotional activities. Because many of our operating companies' products are market leaders, we are subject to antitrust risk. In addition, as adult nicotine consumer preferences evolve, consumers are increasingly moving across nicotine product categories. Our operating companies' failure to compete effectively in these environments could negatively impact their profitability, market share and shipment volume.

The growth of innovative nicotine products, including legal and illicit e-vapor products and oral nicotine pouches, has contributed to reductions in the consumption levels and industry sales volumes of cigarettes and other tobacco products, including MST products. These reductions have negatively impacted our business. Furthermore, the proliferation of illicit flavored disposable e-vapor products has negatively impacted the growth of FDA-authorized e-vapor products, including NJOY's products. If we are unable to compete effectively in innovative nicotine product categories, including through internal product development, *on!* oral nicotine pouch products, *NJOY* e-vapor products, our participation in Horizon and other potential future relationships and investments, such inability could have a material adverse impact on our business, results of operations, cash flows or financial position and our ability to achieve our Vision.

The competitive environments in which our operating companies compete and our operating companies' competitive positions can be significantly impacted by the price differentials between premium and discount brands. PM USA faces competition from lower-priced brands sold by certain domestic and foreign manufacturers that have cost advantages because they are not parties to settlements of certain healthcare cost recovery litigation in the United States and, as such, are not required to make annual settlement payments as required by the parties to the settlements. These settlement payments, which are inflation-adjusted, are significant for PM USA and have contributed to substantial cigarette price increases to help cover their cost. Manufacturers not party to the settlements are subject to state escrow legislation requiring escrow deposits. Such manufacturers may avoid these escrow obligations by concentrating on certain states where escrow deposits are not required or are required on fewer than all such manufacturers' cigarettes sold in such states.

Additional price competition has resulted from diversion into the United States market of cigarettes intended for sale outside the United States, diversion of tobacco products intended for sale in one taxing jurisdiction within the United States into another taxing jurisdiction, the sale of counterfeit cigarettes by third parties, the sale of cigarettes by third parties over the Internet and by other means designed to avoid collection of applicable taxes and imports of foreign lower-priced brands.

Tobacco products imported to the United States are subject to the same federal excise tax as those manufactured domestically. Manufacturers of tobacco products imported to the United States can receive refunds of certain duties, taxes and fees paid on those products when offsetting volumes of the same or substantially similar products are subsequently exported out of the United States. The program that allows for these refunds is referred to as "duty drawback." If PM USA is unable to realize duty drawback to the same extent as other manufacturers, we may be at a competitive disadvantage with respect to our ability to invest in the long-term growth of our core tobacco businesses and contribute to the strategic growth of our innovative nicotine product portfolio.

Our failure to compete effectively, including as a result of litigation settlement obligations, the impacts of illicit trade in nicotine products, the price differentials between premium and discount brands and our inability to realize available tax advantages, could have a material adverse effect on our business, results of operations, cash flows or financial position.

We may be unsuccessful in commercializing innovative products, including nicotine products with reduced health risks relative to certain other nicotine products and that appeal to adult nicotine consumers, which may have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision.

We have growth strategies involving innovative products that may have reduced health risks relative to certain other nicotine products, while continuing to offer adult nicotine consumers (within and outside the United States) products that meet their taste expectations and evolving preferences. These strategies include e-vapor, heated tobacco and oral nicotine pouch products. For example, in the first quarter of 2026, we commercialized *on! PLUS* oral nicotine pouch products, and we have plans to commercialize additional *on!* and NJOY products. If the outcome of any legal proceedings or investigations involving NJOY prevent us from, or we are otherwise unsuccessful in, executing these strategies, there could be a material negative impact on our business and our ability to achieve our Vision. For example, as a result of a patent lawsuit adjudicated before the ITC, the ITC imposed bans on the importation of *NJOY ACE* into the United States and our sale and marketing of *NJOY ACE* products previously imported into the United States. We have appealed these bans to the U.S. Court of Appeals for the Federal Circuit, but the bans will remain in effect during the pendency of the appeal. The success of Horizon, our joint venture with JTIUH for the marketing and commercialization of HTS products in the United States, in generating new revenue streams by commercializing current and future HTS products owned by us or Japan Tobacco is dependent upon a number of factors. These factors include (i) receipt of regulatory authorizations, (ii) prevailing economic, market, regulatory or business conditions, or changes in such conditions, negatively affecting the parties, (iii) changes in market or other conditions resulting in unanticipated delays in the design and development of future products or the commencement of test launches, (iv) the outcome of any legal proceedings or investigations that may be instituted against the parties or others related to the joint venture, (v) changes in the preferences of U.S. adult nicotine consumers and (vi) the failure to meet commercialization milestones. Such factors could have a negative effect on the success of Horizon and any future collaboration or partnership between the parties, which could impact our ability to generate new revenue streams and enter new geographic markets.

Lengthy and unpredictable regulatory review periods complicate efforts to strategize and plan with respect to commercialization of new products, and we cannot predict or influence the speed with which the FDA reviews pre-market tobacco applications ("PMTA"). Our operating companies may decide to commercialize products that have not received marketing granted orders from the FDA if the operating company submitted a PMTA with respect to any such product in compliance with the FSPTCA and the FDA failed to issue a marketing order within the statutory review period. It is possible that the FDA may bring an enforcement action relating to commercialized products for which a PMTA has been pending longer than the statutory review period.

If we do not succeed in commercializing innovative nicotine products that appeal to adult nicotine consumers or we fail to obtain or maintain regulatory authorization for the marketing or sale of these products, including with claims of reduced health risks, we could be at a competitive disadvantage, which could have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision.

Our inability to successfully counter the effects of illicit trade in nicotine products, including e-vapor products, could have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision.

Illicit trade in nicotine products has had, and could continue to have, an adverse impact on our business, including the sales volumes and market shares of our operating companies' innovative and smoke-free products and traditional tobacco products. Illicit trade in nicotine products can take many forms, including the sale of counterfeit products; the sale of products that do not comply with the FSPTCA and FDA regulations; the sale of products in the United States that are intended for sale outside the country; the sale of untaxed products over the Internet and by other means designed to avoid the collection of applicable taxes; and the diversion into one taxing jurisdiction of products intended for sale in another jurisdiction. Counterfeit versions of our operating companies' products can negatively affect adult nicotine consumer experiences with and opinions of those brands as well as other stakeholders' perceptions and opinions of our companies and brands. Illicit trade in nicotine products also harms law-abiding wholesalers and retailers by depriving them of lawful sales and undermines the significant investment we have made in legitimate distribution channels. Moreover, illicit trade in nicotine products results in federal, state and local governments losing tax revenues. Losses in tax revenues can cause such governments to take various actions, including increasing excise taxes, imposing legislative or regulatory requirements, or asserting claims against manufacturers of nicotine products or members of the trade channels through which such nicotine products are legally distributed and sold, each of which could have an adverse effect on our business, results of operations, cash flows or financial position.

In the e-vapor category, illicit flavored disposable product usage has significantly increased, and such products now comprise the majority of the e-vapor category. The impacts of this dynamic include declines in FDA-authorized e-vapor product volume and increased cross-category movement among adult cigarette smokers that has contributed to domestic cigarette industry volume declines. Recent enforcement actions by regulatory agencies have not had a material impact in curbing the proliferation and sale of illicit flavored disposable e-vapor products. This dynamic has made the operating environment challenging for our businesses. We have increased engagement with the FDA and other government agencies to encourage enforcement action against these illicit products, but such enforcement has been inadequate to date. We also have taken legal action to protect our e-vapor business, which exposes us to additional costs and expenses. Our failure to counter the impacts of illicit flavored disposable e-vapor products and the FDA's failure to take meaningful enforcement actions against manufacturers and products that violate the law could have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision.

Failure to complete or manage strategic transactions, including acquisitions, dispositions, joint ventures and commercial relationships with and investments in third parties, or realize the anticipated benefits of such transactions, could have a material adverse effect on our business, financial position and our ability to achieve our Vision.

We regularly evaluate potential strategic transactions, including acquisitions, dispositions, joint ventures and commercial relationships with and investments in third parties. Opportunities for strategic transactions may be limited, and the success of any such transaction is dependent upon our ability to complete and realize the expected benefits of the transaction in the expected time frame or at all. Following the completion of a transaction, there may be certain financial, managerial, staffing and talent and operational risks, including diversion of management's attention from existing core businesses, difficulties integrating other businesses into existing operations and other challenges. We may not be able to enter into attractive business relationships or execute and complete strategic transactions on favorable terms or at all. Any such relationships or transactions may not improve our competitive position or have the intended financial outcomes and may subject us to increased legal risk, including with respect to intellectual property infringement or breach of contract claims. For example, our former investment in JUUL Labs, Inc. ("JUUL") did not result in and, to date, our investment in Cronos has not, resulted in the economic and competitive advantages expected at the time the investments were made.

We may not be able to realize the expected benefits of our acquisition of NJOY Holdings, Inc. ("NJOY Transaction") in the expected manner or timeframe, if at all, including due to the ITC exclusion order and cease-and-desist orders prohibiting the importation and sale of *NJOY ACE* in the United States. In 2025, we recorded impairments of the value of the goodwill and other intangible assets within our e-vapor reporting unit as a result of these orders and our expectation that effective enforcement against illicit flavored disposable e-vapor products would occur more gradually than initially anticipated. Other factors that could negatively impact our ability to realize the expected benefits of the NJOY Transaction in the expected manner or timeframe, if at all, include (i) our failure to receive or maintain regulatory authorizations; (ii) changes in adult nicotine consumer preferences; (iii) our failure to comply with regulatory requirements; (iv) prevailing economic, market, regulatory or business conditions, or changes in such conditions negatively affecting our business and our plans with respect to the e-vapor category and (v) the outcome of any current or future legal proceeding or investigation related to the NJOY Transaction, NJOY or its products.

PM USA imports cigarettes manufactured outside the United States for sale domestically, and PM USA has entered into strategic commercial relationships to manufacture cigarettes in the United States for export to third parties for sale in international markets. If PM USA is unable to maintain, expand upon or enter into new relationships of this type, it may hinder PM USA's ability to increase the efficiency of its cigarette manufacturing operations, develop capabilities needed to comply with various international product and other standards and invest in the long-term growth of our core tobacco businesses and the strategic growth of our innovative nicotine product portfolio.

If the NJOY Transaction, our strategic relationships with respect to contract manufacturing or any other acquisition, disposition, joint venture, investment in a third party or other strategic relationship is not successful, there could be a material negative impact on our business, financial position and results of operations and our ability to achieve our Vision.

Significant changes in price, availability or quality of tobacco, other raw materials or component parts could have a material adverse effect on our profitability and business.

Shifts in crops (such as those driven by macroeconomic conditions and adverse weather patterns), government restrictions and mandated prices, production control programs, economic trade sanctions, import duties and tariffs, international trade disruptions, labor disruptions, inflation, geopolitical instability, climate and environmental changes and disruptions due to man-made or natural disasters may increase the cost or reduce the supply or quality of tobacco and other raw materials, ingredients and component parts used to manufacture our operating companies' products. Any significant change in such factors could restrict our ability to continue manufacturing and marketing existing products or impact adult nicotine consumer product acceptability and have a material adverse effect on our business and profitability.

For varieties of tobacco only available in limited geographies, government-mandated prices and production control programs, political instability or government prohibitions on the import or export of tobacco in certain countries pose additional risks to price, availability and quality. As consumer demand increases for innovative smoke-free products and decreases for combustible and MST products, the volume of tobacco leaf required for production of these products has decreased, resulting in reduced tobacco leaf demand. Reduced demand for tobacco leaf may result in the reduced supply and availability of domestic tobacco and increased costs, as growers divert resources to other crops or cease farming. Macroeconomic factors, such as tariffs, may exacerbate reductions in demand for tobacco leaf by increasing the cost of purchasing tobacco leaf from a supplier in another country. The unavailability or unacceptability of any one or more particular varieties of tobacco leaf or the unavailability of nicotine extract necessary to manufacture our operating companies' products could negatively impact our ability to continue marketing existing products or impact adult nicotine consumer product acceptability, which could have a material adverse effect on our business and profitability. In addition, the nicotine used in our operating companies' innovative smoke-free products is extracted from tobacco produced in one country. If we are unable to identify alternate sources of nicotine for our operating companies' innovative products, we could be exposed to the risks discussed above.

Current geopolitical and macroeconomic conditions (including tariffs, inflation, labor shortages, supply and demand imbalances and international armed conflicts) are causing worldwide disruptions and delays to supply chains and commercial markets, which limit access to, and increase the cost of, raw materials, ingredients and component parts (for example, wood tips used in our cigar products and aluminum used in our packaging). As consumer demand increases for innovative smoke-free products and decreases for combustible and MST products, the volume of raw materials, ingredients and component parts required for the production of these products has decreased. Reduced demand for raw materials, ingredients and component parts may reduce supply and availability and increase the cost of raw materials, ingredients and component parts as suppliers divert resources to other products or cease producing these products. Furthermore, challenging economic conditions can create the risk that our suppliers, distributors, logistics providers or other third-party partners suffer financial or operational difficulties, which may impact their ability to provide us with or distribute finished product, raw materials and component parts and services in a timely manner or at all. If we are unable to identify alternate sources of raw materials, ingredients and component parts for our operating companies' products, we could be exposed to supply risk.

In addition, government taxes, restrictions and prohibitions on the sale and use of certain products may limit access to, and increase the costs of, raw materials and component parts and, potentially, impede our ability to sell certain of our products. For example, certain states have passed extended producer responsibility legislation concerning packaging. Because certain of our operating companies' products' packaging consists of single-use plastics, single-use plastic bans and extended producer responsibility mandates could result in bans on some of our operating companies' product packaging or their products and adversely impact our costs and revenues. Additional taxes and limitations on the use of certain single-use plastics have been proposed by the U.S. Congress and various state and local governments. These existing and potential future laws and regulations could increase the costs of sourcing, and impair our ability to source, certain materials used in the packaging for our products.

If our operating companies are unable to compensate for supply shortages or elevated commodity and other costs through sustained price increases, cost efficiencies, such as in manufacturing and distribution, or otherwise manage the exposure through sourcing strategies, the limited use of commodity hedging contracts or through other initiatives, our business, results of operations, cash flows and financial condition could be materially adversely impacted.

Our operating companies rely on a few significant facilities and a small number of key suppliers, distributors and distribution chain service providers, and an extended disruption at a facility or in service by a supplier, distributor or distribution chain service provider could have a material adverse effect on our business, results of operations, cash flows or financial position.

Our operating companies face risks inherent in reliance on a few significant manufacturing facilities and a small number of key suppliers, distributors and distribution chain service providers. A natural or man-made disaster, cybersecurity incident, global pandemic, labor disruption or other disruption that affects the manufacturing operations of any of our operating companies, the operations of any key supplier, distributor or distribution chain service provider of any of our operating companies or any other disruption in the supply or distribution of goods or services (including a key supplier's inability to comply with government regulations, lack of available workers or unwillingness to supply goods or services to a tobacco company) could adversely impact operations. Operations of our operating companies, suppliers, distributors and distribution chain service providers could be suspended temporarily once or multiple times, or halted permanently, depending on various factors. An extended disruption in operations experienced by one or more of our operating companies or in the supply or distribution of goods or services by one or more key suppliers, distributors or distribution chain service providers, could have a material adverse effect on our business, results of operations, cash flows or financial position.

We may be required to write down goodwill and other intangible assets, including trademarks and other intellectual property, due to impairment, which could have a material adverse effect on our results of operations or financial position.

We periodically calculate the fair value of our reporting units and intangible assets to test for impairment. These calculations may be affected by several factors, including general macroeconomic conditions, the proliferation of illicit products, government actions, including FDA regulatory actions and inaction, changes in category growth (decline) rates as a result of changing adult nicotine consumer preferences, success of planned new product expansions, competitive activity, unfavorable outcomes with respect to litigation proceedings, including actions brought against us alleging patent infringement, and income and excise taxes. Certain events also can trigger an immediate review of intangible assets.

In 2025, we recorded impairments of the values of the goodwill and other intangible assets within our e-vapor reporting unit as a result of the ITC exclusion order and cease-and-desist orders prohibiting the importation and sale of *NJOY ACE* into the United States and our expectation that effective enforcement against illicit flavored disposable e-vapor products would occur more gradually than initially anticipated. If we experience unfavorable outcomes with respect to litigation proceedings (including actions alleging patent infringement), the discount rate used to estimate the fair values of the goodwill and other intangible assets within our e-vapor reporting unit increases or any of the judgments or assumptions we made regarding the future state of the e-vapor category and NJOY's business fail to materialize, we could record additional non-cash impairments of our e-vapor reporting unit goodwill in future periods. The judgments and assumptions we made regarding the future state of the e-vapor category and NJOY's business include the (i) timing and extent of effective enforcement against illicit flavored disposable e-vapor products; (ii) timing and likelihood of regulatory authorizations of e-vapor products, including of NJOY's products; (iii) timing of the commercialization of NJOY e-vapor products in the United States; (iv) long-term growth of the e-vapor category; and (v) conversion rates of illicit flavored disposable e-vapor consumers to FDA-authorized e-vapor products and, specifically, NJOY's e-vapor products. Fair value calculations are sensitive to changes in these judgments and assumptions, some of which relate to broader macroeconomic conditions and governmental actions outside of our control.

In the second quarter of 2024, we recorded an impairment of the value of the *Skoal* trademark. This impairment was the result of the decrease in the fair value of the *Skoal* trademark caused by decreases in the size of the MST products category, which were due, in part, to the growth of nicotine pouch volumes. If *Skoal*'s actual revenue and income or long-term outlook are significantly unfavorable compared to forecasted performance used to estimate the fair value or if the discount rate used to estimate the fair value increases, we could have an additional non-cash impairment of the carrying value of the *Skoal* trademark in future periods.

We continue to monitor several factors that impact the fair value of our goodwill and intangible assets. If any impairment is determined to exist, we will incur impairment charges, which could have a material adverse effect on our results of operations or financial position.

Our *Optimize & Accelerate* initiative may expose us to increased risks relating to business continuity and our internal control over financial reporting and audit procedures, among others, which could have a material adverse impact on our business, cash flows, financial position or results of operations.

In October 2024, we announced the multi-phase Initiative, which is designed to enhance organizational speed, efficiency and effectiveness. The Initiative includes centralizing work, outsourcing certain transactional activities and streamlining, automating and standardizing processes across the enterprise. The Initiative presents a number of risks that could adversely impact our business, such as risks relating to operational continuity, talent management and internal control over financial reporting and audit procedures. For example, we may experience a loss of continuity, loss of accumulated knowledge and inefficiency during transitional periods. Furthermore, many of the outsourced tasks are or will be performed in developing countries that may be at a heightened risk for geopolitical uncertainty, which could result in service interruptions. The expected savings associated with the Initiative may be offset to some extent by business disruption during the implementation phase as well as investments in new processes and systems until the Initiative is fully implemented. The accelerated frequency and scale of new technology and systems deployment to support the Initiative may increase risks to our internal control framework, protection of sensitive data and regulatory compliance. Additionally, the Initiative may lead to a loss of control and oversight of outsourced functions, which could weaken our existing internal control over financial reporting and present audit challenges. If the vendors to whom we outsource certain tasks do not adhere to our financial controls and compliance processes and procedures, we could be at an increased risk for fraud and financial misstatements.

If actual results of the Initiative differ from our expectations with respect to the continuity and reliability of outsourced tasks, maintenance of internal control over financial reporting and audit procedures, we may experience an adverse impact on our business, results of operations or financial position.

Our operating companies could decide, or be required to, recall products, which could have a material adverse effect on our business, reputation, results of operations, cash flows or financial position.

Our operating companies could decide, or laws or regulations could require them, to recall products due to the failure to meet quality standards or specifications, suspected or confirmed and deliberate or unintentional product contamination, or other product adulteration, misbranding or tampering. Similar issues may subject us to liability with respect to products our operating companies manufacture for third parties under contract manufacturing agreements. A product recall or a product liability or other claim (even if unsuccessful or without merit) could have negative economic consequences and also generate negative publicity about us and our operating companies' products. In addition, if another company recalls or experiences negative publicity related to a product in a category in which one of our operating companies competes, adult nicotine consumers might reduce their overall consumption of products in the category. Any of these events could have a material adverse effect on our business, reputation, results of operations, cash flows or financial position.

We face various risks related to health epidemics and pandemics, and such events, and the measures that international, federal, state and local governments, agencies, law enforcement and health authorities implement to address them, could have a material adverse effect on our business, results of operations, cash flows or financial position.

An epidemic, pandemic or other significant public health emergency, and the measures taken by governmental authorities to address it, could significantly disrupt our operating companies' abilities to operate their businesses in the ordinary course. Furthermore, any associated economic consequences could have a material adverse effect on our business, results of operations, cash flows or financial position.

If any public health emergency were to occur in the future, we could experience negative impacts. In addition, the specific characteristics of any future public health emergency and associated governmental responses could result in other negative impacts that we cannot foresee. Accordingly, any future emergence or resurgence of an epidemic, pandemic or other public health emergency could have a material adverse effect on our business, results of operations, cash flows or financial position.

We may be unable to attract and retain a highly skilled workforce due to the decreasing social acceptance of tobacco usage, tobacco control actions and other factors, which could have a material adverse effect on our business and our ability to achieve our Vision.

Our ability to implement our strategy of attracting and retaining a highly skilled workforce may be impaired by the decreasing social acceptance of tobacco usage, tobacco regulation and control actions and other factors. We compete for talent with the consumer products industry and other companies that may enjoy greater societal acceptance and fewer long-term challenges. As a result, we may be unable to attract and retain highly qualified talent, which could have a material adverse effect on our business and our ability to achieve our Vision.

Litigation, Legislative and Regulatory Risks

Unfavorable outcomes with respect to litigation proceedings or any governmental investigations could materially adversely affect our results of operations, cash flows or financial position and our ability to achieve our Vision.

Legal proceedings covering a wide range of matters are pending or threatened in various U.S. and foreign jurisdictions against us and our subsidiaries, including PM USA, as well as our and their respective indemnitees and indemnitors. Various types of claims may be raised in these proceedings, including product liability, unfair trade practices, antitrust, tax, contraband-related claims, intellectual property infringement, breach of contract, employment matters, environmental matters, claims alleging violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO"), claims for contribution and claims of competitors, shareholders and distributors. Legislative action, such as changes to tort law, also may expand the types of claims and remedies available to plaintiffs.

Competitors and other third parties have brought and may in the future bring action against us, our subsidiaries and/or our suppliers alleging patent infringement. Such claims, regardless of merit, expose us to significant litigation costs and damages, importation bans with respect to products and product components manufactured abroad, divert management's attention and compromise our operating companies' abilities to commercialize and improve their products. This risk is especially pertinent to smoke-free products where technology is advancing rapidly, resulting in a high volume of patents in relevant technology spaces. In a patent lawsuit adjudicated before the ITC, the ITC imposed bans on the importation of *NJOY ACE* into the United States and our sale and marketing of *NJOY ACE* products previously imported into the United States. As a result of the ITC's decision, NJOY removed *NJOY ACE* from the marketplace. We have appealed the ban on the importation into the United States and our sale and marketing of *NJOY ACE*, but the bans will remain in place during the pendency of the appeal. JUUL has filed similar actions in the U.S. District Court for the District of Arizona and with the ITC alleging patent infringement based on our sale of *NJOY Daily* in the United States. If the bans with respect to *NJOY ACE* remain effective or we experience unfavorable outcomes with respect to the patent litigation relating to *NJOY Daily*, either outcome could have a material adverse effect on our valuation of our e-vapor reporting unit's goodwill and our plans with respect to the e-vapor category.

In certain litigation, we and our subsidiaries may face potentially significant non-monetary remedies in addition to importation bans that could have a material adverse effect on our businesses. For example, in the Federal Government's lawsuit alleging that certain defendants, including Altria and PM USA, violated RICO and engaged in certain "sub-schemes" to defraud, the district court did not impose monetary penalties but ordered significant non-monetary remedies, including the issuance of "corrective statements."

Litigation is subject to significant uncertainty, and there could be adverse developments in pending or future cases. An unfavorable outcome or settlement of pending tobacco-related or other litigation could encourage the commencement of additional litigation. Damages claimed in some tobacco-related or other litigation are significant and, in certain cases, have ranged in the billions of dollars. The variability in pleadings in multiple jurisdictions and the actual experience of management in litigating claims demonstrate that the monetary relief that may be specified in a lawsuit bears little relevance to the ultimate outcome.

We have extensive experience litigating tobacco-related cases in a number of jurisdictions, with the vast majority of these cases having been filed in Florida. However, in recent years, we have seen an increase in the number of these cases filed against PM USA in jurisdictions outside of Florida. Managing complex litigation in multiple jurisdictions at an accelerated rate compounds the significant uncertainty as to the likelihood of adverse developments in pending or future cases.

In certain cases, plaintiffs claim that defendants' liability is joint and several. In such cases, we may face the risk that one or more co-defendants decline or otherwise fail to participate in the bonding required for an appeal or to pay their proportionate or jury-allocated share of a judgment. As a result, we may have to pay more than our proportionate share of any bonding- or judgment-related amounts under certain circumstances. Furthermore, in cases where plaintiffs are successful, we also may be required to pay interest and attorneys' fees.

Although we historically have been able to obtain required bonds or relief from bonding requirements in order to prevent plaintiffs from seeking to collect judgments while adverse verdicts have been appealed, there remains a risk that such relief may not be obtainable in all cases. This risk has been substantially reduced given that 47 states and Puerto Rico limit the dollar amount of bonds or require no bond at all. However, tobacco litigation plaintiffs have challenged the constitutionality of Florida's bond cap statute in several cases and plaintiffs may challenge state bond cap statutes in other jurisdictions as well. Such challenges may include the applicability of state bond caps in federal court. Although we cannot predict the outcome of such challenges, it is possible that our business, results of operations, cash flows or financial position could be materially adversely affected in a particular fiscal quarter or fiscal year by an unfavorable outcome of one or more such challenges.

Each of Altria and our subsidiaries named as a defendant in pending litigation believes, and each has been so advised by counsel handling the respective cases, that it has valid defenses to the litigation pending against it, as well as valid bases for appeal of adverse verdicts.

We have defended, and will continue to defend, vigorously against litigation challenges. However, we may enter into settlement discussions in particular cases if we believe it is in our best interests to do so.

We cannot predict the outcome of any litigation proceedings or governmental investigations, and unfavorable outcomes in any such proceedings or investigations could materially adversely affect our results of operations, cash flows or financial position.

Significant federal, state and local governmental actions, including FDA regulatory actions and inaction, and various private sector actions may continue to have a material adverse impact on our operating companies' sales volumes and our business.

We face significant governmental and private sector actions, including efforts aimed at reducing the incidence of tobacco use and seeking to hold us responsible for the adverse health effects associated with both smoking and exposure to environmental tobacco smoke. These actions, combined with the diminishing social acceptance of smoking, have resulted in reduced cigarette industry volume, and we expect that these factors will continue to reduce cigarette consumption levels, which could have a material adverse effect on our business, results of operations, cash flows or financial position.

We cannot predict whether regulators, including the FDA, will permit the marketing or sale of any particular innovative products (including products with claims of reduced risk to adult nicotine consumers) or whether they will impose a burdensome regulatory framework on such products. In addition, the FDA could, for a variety of reasons, determine that innovative products on the market but pending FDA review of the associated PMTA (such as *on!* oral nicotine pouches), or those that have previously received authorization are not appropriate for the public health, and the FDA could require such products be taken off the market. We also cannot predict whether or to what extent the FDA will take enforcement actions against manufacturers and products that violate the law.

The actions and inaction of regulators, including the FDA, can result in competitive challenges. For example, unpredictable and lengthy regulatory review periods complicate efforts to strategize and plan with respect to commercialization of new products, and we cannot predict or influence the speed with which the FDA reviews PMTAs. A protracted FDA review of one of our operating companies' PMTAs would allow competitive products already on the market to establish market share, brand recognition and adult nicotine consumer loyalty in the absence of competition from our product. Additionally, we cannot control the order in which the FDA reviews PMTAs. The FDA could review a PMTA for a competitor's product before it reviews a PMTA submitted by one of our operating companies with respect to a competing product notwithstanding that our operating company submitted its PMTA first. Scenarios such as these would put us at a competitive disadvantage, which could have a material adverse impact on our business, profitability and our ability to achieve our Vision.

In addition to the outcomes discussed above, actions and inaction by the FDA and other federal, state or local governments or agencies can (i) impact the adult nicotine consumer acceptability of or access to nicotine products (for example, through nicotine or constituent limits or menthol or other flavor bans), (ii) limit adult nicotine consumer choices, (iii) restrict communications to adult nicotine consumers, (iv) restrict the ability to differentiate nicotine products, (v) impose additional manufacturing, labeling or packaging requirements, (vi) interrupt manufacturing or otherwise significantly increase the cost of doing business, (vii) result in increased illicit trade in nicotine products, (viii) restrict or prevent the use of specified nicotine products in certain locations or the sale of nicotine products by certain retail establishments, (ix) require the recall of nicotine products due to a determination relating to product contamination or (x) otherwise require the removal of nicotine products from the marketplace (for example, due to a determination that one or more nicotine products fail to satisfy the statutory requirements for substantial equivalence, must proceed through the pre-market review process or must be removed from the marketplace for the protection of public health).

Any federal, state or local governmental action, including regulatory actions and inaction by the FDA, may have a material adverse impact on our business, results of operations, cash flows or financial position. Such action and inaction also could negatively impact adult smokers' transition to potentially reduced risk products, which could materially adversely affect our ability to achieve our Vision.

Nicotine products are subject to substantial taxation, and any increases in nicotine product-related taxes could have a material adverse impact on sales of our operating companies' products.

Nicotine products are subject to substantial taxation, including excise taxes. Significant increases in taxes or fees on nicotine products (including traditional tobacco products as well as e-vapor and oral nicotine products) have been proposed or enacted and are likely to continue to be proposed or enacted within the United States at the federal, state and local levels. The frequency and magnitude of excise tax increases can be influenced by various factors, including federal and state budgets and the composition of executive and legislative bodies. Tax increases are expected to continue to have an adverse impact on sales of our operating companies' products through lower consumption levels and the potential shift in adult nicotine consumer purchases from the premium to the non-premium or discount segments, to other low-priced or low-taxed products or to counterfeit and contraband products. Such shifts may also have an adverse impact on the reported share performance of our operating companies' products. Any increases in taxes or fees applicable to our operating companies' products could have a material adverse impact on our business, results of operations, cash flows or financial position. In addition, substantial excise tax increases on e-vapor and oral nicotine products could negatively impact adult smokers' transition to these products, which could materially adversely affect our ability to achieve our Vision.

International business operations subject us to various U.S. and foreign laws and regulations, and violations of such laws or regulations could result in reputational harm, legal challenges and significant penalties and other costs.

While we are primarily engaged in business activities in the United States, we engage (directly or indirectly) in certain international business activities that are subject to various U.S. and foreign laws and regulations, such as foreign privacy laws, the U.S. Foreign

Corrupt Practices Act and other laws prohibiting bribery and corruption. Although we have a Code of Conduct for Compliance and Integrity and a compliance system designed to prevent and detect violations of applicable law, we can provide no assurance that any system will always protect against improper actions by employees, joint venture partners, investees or third parties. Violations of these laws, or allegations of such violations could result in reputational harm, legal challenges and significant penalties and other costs.

A challenge to our tax positions, an increase in the income tax rate or other changes to federal or state tax laws could materially adversely affect our earnings or cash flows.

Tax laws and regulations are complex and subject to varying interpretations. Changes to federal or state tax laws or challenges to one or more of our positions with respect to those laws, including with respect to the availability of duty drawback, which allows manufacturers to receive refunds of certain duties, taxes and fees paid on imported tobacco products when offsetting volumes of those products or substantially similar products are subsequently exported, could give rise to additional liabilities (including interest and potential penalties) or reduce the amount of duties, taxes and fees paid by our operating companies for which refunds are available. Accordingly, a successful challenge to one or more of our tax positions, an increase in the corporate income tax rate or other changes to federal or state tax laws, including changes to how foreign investments are taxed, could materially adversely affect our earnings or cash flows.

Legal and regulatory requirements related to climate change and other environmental sustainability matters could have a material adverse impact on our business and results of operations.

Concern over climate change and other sustainability matters is likely to result in new or additional legal and regulatory requirements intended to reduce or mitigate environmental issues. Furthermore, as our operating companies do business in new international markets and expand their product portfolios, we may become subject to new legal and regulatory requirements related to climate change and other environmental and corporate sustainability matters. New or additional requirements may relate to, among other things, greenhouse gas emissions, alternative energy policy, single-use plastics, the disposal of nicotine products or nicotine product components and additional disclosure obligations with respect to climate change and environmental sustainability matters. These additional laws and regulations could materially adversely affect our business, results of operations, cash flows and financial condition by increasing our compliance and manufacturing costs and creating legal and reputational risk if we are unable to, or are perceived not to, satisfy such requirements.

Capital Markets and Financing Risks

Disruption and uncertainty in the credit and capital markets could materially adversely affect our business.

Access to the credit and capital markets is important for us to satisfy our liquidity and financing needs. We typically access the commercial paper market in the second quarter to help fund payments under the Master Settlement Agreement ("MSA"), tax obligations and shareholder dividends. Disruption and uncertainty in the credit or capital markets or high interest rates could negatively impact the availability or cost of capital and adversely affect our liquidity, cash flow, earnings and dividend rate. In addition, tighter credit markets could lead to business disruptions for our suppliers and service providers, which could, in turn, materially adversely impact our business, results of operations, cash flows and financial condition.

A downgrade or potential downgrade of our credit ratings could adversely impact our borrowing costs and access to credit and capital markets, which could materially adversely affect our financial condition.

Rating agencies routinely evaluate us, and their ratings are based on a number of factors, including our cash generating capability, levels of indebtedness, policies with respect to shareholder distributions, the impact of strategic transactions and our financial strength generally, as well as factors beyond our control, such as the state of the economy and our industry. Any downgrade or announcement that we are under review for a potential downgrade of our credit ratings, as occurred following our former investment in JUUL, especially any downgrade to below investment grade, could increase our future borrowing costs, impair our ability to access the credit and capital markets, including the commercial paper market, on terms commercially acceptable to us or at all or result in a reduction in our liquidity, requiring us to rely on more expensive types of financing. Any such outcome could have a material adverse impact on our financial condition.

Our performance relating to corporate responsibility matters and investor and stakeholder responses thereto may impact our reputation, ability to attract investors and the market value of our stock.

Focus from investors and other stakeholders on corporate responsibility, including with respect to environmental, social and governance matters, has resulted in investor demand for measurement of corporate responsibility performance. The criteria by which third-party providers of assessments and ratings measure such performance may vary or change over time. Furthermore we have published reports concerning our goals, approach and progress with respect to a range of corporate responsibility focus areas. Investors may use these non-financial performance factors and reports to guide investment strategies, and investor and other stakeholder expectations of and responses to our policies, actions, goals and disclosures concerning corporate responsibility matters may evolve over time. Investors may choose not to invest in us if their policies prevent them from investing in tobacco companies and may base investment and other decisions on their view of our policies, actions, goals or disclosures with respect to corporate responsibility matters.

Despite our efforts, any failure to achieve our corporate responsibility goals, including those aimed at reducing the harm associated with our operating companies' products and our underage tobacco prevention goals, could result in adverse publicity. Furthermore, if investors or other stakeholders view our corporate responsibility policies, actions, goals or disclosures as insufficient or otherwise unacceptable, we could incur negative publicity and litigation challenges. These outcomes could materially adversely affect our businesses and reputation and impair our ability to attract and retain investors, which could have a material negative impact on the market value of our stock.

Information Technology and Data Privacy Risks

The failure of our, or our service providers', key suppliers' or trade customers', information systems to function as intended, or cyber-attacks or security breaches, could have a material adverse effect on our business, reputation, results of operations, cash flows or financial position.

We rely extensively on information technology, much of which is managed by third-party service providers (such as cloud data service providers), to support a variety of business processes and activities, including: complying with regulatory, legal, financial reporting and tax requirements; engaging in marketing and e-commerce activities; managing and improving the effectiveness of our operations; researching, developing, manufacturing and distributing our operating companies' products; collecting and storing sensitive data and confidential information; and communicating with employees, investors, suppliers, trade customers, adult nicotine consumers and others. Our suppliers, supply chain service providers and trade customers also rely extensively on information systems. We also have increased the frequency and scale of new technology and systems deployment both directly and through third parties.

We continue to make appropriate investments in administrative, technical and physical safeguards to protect our information systems and data from cyber-threats, including human error and malicious acts. Our safeguards include employee training, testing and auditing protocols, backup systems and business continuity plans, maintenance of security policies and procedures, monitoring of networks and systems, and third-party risk management. We can provide no guarantee that any investments or safeguards will protect our information systems and data from all threats.

From time-to-time, we and our service providers, suppliers and trade customers experience attempts to infiltrate and interrupt information systems. We have not experienced an information security breach within the past three years, and to date, we have not experienced any interruptions of information systems as a result of infiltration attempts. However, because technology is increasingly complex and cyber-attacks are increasingly sophisticated and more frequent, there can be no assurance that such incidents will not cause interruptions that could have a material adverse effect on us in the future. For example, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our and our service providers', key suppliers' and trade customers' cybersecurity risks. Bad actors around the world use increasingly sophisticated methods, including the use of artificial intelligence, to engage in illegal activities involving the theft and misuse of personal information, confidential information and intellectual property. Any of these outcomes could damage our reputation, result in the loss of valuable property and information and adversely impact our business.

Outsourcing certain business functions pursuant to the Initiative may increase our exposure to risks such as data breaches, which could compromise sensitive information. Implementation of new technology and systems deployment may increase our risk of data security incidents, internal control failures and regulatory noncompliance. Our vendors and third-party partners may incorporate artificial intelligence tools into their offerings with or without disclosing this use to us. The providers of these artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards concerning privacy and data protection, which may result in a loss of intellectual property or confidential information or cause harm to our reputation and the public perception of the effectiveness of our security measures. Failure of our, or our service providers', key suppliers' or trade customers', information systems to function as intended, or cyber-attacks or security breaches, could result in loss of revenue, assets, personal data, intellectual property, trade secrets or other sensitive and confidential data, financial misstatements, violation of applicable privacy and data security laws, reputational harm to our operating companies and their brands, operational disruptions, legal challenges and significant remediation and other costs, all of which could have a material adverse effect on our business, reputation, results of operations, cash flows or financial position.

Our failure, or the failure of our service providers, key suppliers or trade customers, to comply with personal data protection, privacy, artificial intelligence and information security laws could materially adversely affect our business.

We and our service providers, key suppliers and trade customers are subject to a variety of continuously evolving and developing laws and regulations in numerous jurisdictions regarding personal data protection, privacy, artificial intelligence and information security.

These laws and regulations may be interpreted and applied differently from country to country or, within the United States, from state to state, and can create inconsistent or conflicting requirements. For example, as our business expands internationally and we outsource certain business functions to vendors in foreign jurisdictions as part of the Initiative, we may incur additional costs associated with compliance with foreign data protection laws and incur additional risk of non-compliance with such laws. Privacy laws and regulations are also expanding in the United States. Comprehensive state privacy laws are either in effect or have been enacted in a number of states, and similar laws are being considered in several other states, as well as at the federal and local levels. Our efforts, and the efforts of our service providers, key suppliers and trade customers, to comply with the evolving patchwork of differing foreign, federal, state and local laws and regulations impose significant costs and challenges that are likely to continue to increase over time, particularly as additional jurisdictions adopt similar regulations. Failure to comply with these laws and regulations or to otherwise protect personal data from unauthorized access, use or other processing, could result in litigation, claims, regulatory proceedings, inquiries or investigations, damage to our reputation, fines, penalties and business disruptions, all of which could have a material adverse effect on our business, reputation, results of operations, cash flows or financial position.

Risks Relating to Our Investments in Equity Securities

The expected benefits of our investment in ABI may not materialize in the expected manner or timeframe or at all, which could have a material adverse impact on our financial position or earnings.

The expected benefits of our investment in ABI may not materialize in the expected manner or timeframe or at all, including due to foreign currency exchange rates; ABI's business results; ABI's share price; impairment losses on the value of our investment; our incurrence of additional tax liabilities related to our investment in ABI; and potential reductions in the number of directors that we can have appointed to the ABI board of directors.

We account for our investment in ABI under the equity method of accounting. For purposes of financial reporting, the earnings from and carrying value of our investment in ABI are translated into U.S. dollars ("USD") from various local currencies. In addition, ABI pays dividends in euros, which we convert into USD. During times of a strengthening USD against these currencies, our reported earnings from and carrying value of our investment in ABI will be reduced because these currencies will translate into fewer USD and the dividends that we receive from ABI will convert into fewer USD. Dividends and earnings from and carrying value of our investment in ABI are also subject to the risks encountered by ABI in its business, its business outlook, cash flow requirements and financial performance, the state of the market and the general economic climate. For example, in 2020, as a result of the uncertainty, volatility and impact of the COVID-19 pandemic on ABI's business, ABI reduced by 50% its final 2019 dividend paid in the second quarter of 2020 and did not pay its interim 2020 dividend that would have been paid in the fourth quarter of 2020, which resulted in a reduction of cash dividends we received from ABI.

We assess the value of our investment in ABI as required by United States generally accepted accounting principles ("GAAP"). If the carrying value of our investment in ABI exceeds its fair value and we determine that the loss in value is other than temporary, we record appropriate impairment losses. In a prior period, we concluded that the fair value of our investment in ABI declined below the carrying value of our investment in ABI and that this decline in fair value was other than temporary. As a result, we recorded a non-cash, pre-tax impairment charge for that period. It is possible that we may be required to record significant impairment charges in the future and, if we do so, our net earnings and carrying value of our investment in ABI could be materially adversely affected.

In the event that our ownership percentage in ABI were to decrease below certain levels, (i) we may be subject to additional tax liabilities, (ii) the number of nominees that we have the right to select for election to the ABI board of directors could be reduced and (iii) we may be unable to continue to account for our investment in ABI under the equity method of accounting.

Our investment in Cronos subjects us to certain risks associated with Cronos's business, including legal, regulatory and reputational risks.

Our investment in Cronos, a Canadian cannabinoid company, subjects us to various risks relating to Cronos's business, such as legal, regulatory and reputational risks. Cronos is engaged in the cultivation, manufacture and marketing of cannabis and cannabis-derived products for the medical and adult-use markets in various international jurisdictions. Accordingly, Cronos's operations are subject to laws, regulations and guidelines promulgated by various governmental authorities. In the United States, these laws include the Controlled Substances Act, the Civil Assets Forfeiture Reform Act (as it relates to violation of the Controlled Substances Act), all related applicable anti-money laundering laws and FDA regulations. A failure by Cronos or Altria to comply with applicable laws, including cannabis laws, could result in criminal, civil or tax liability, negative impacts on the availability and cost of capital and credit or reputational harm for Altria.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Risk Management and Strategy

We rely extensively on information technology, much of which is managed by third-party service providers (such as cloud data service providers), to support a variety of business processes and activities, including: complying with regulatory, legal, financial reporting and tax requirements; engaging in marketing and e-commerce activities; managing and improving the effectiveness of our operations; researching, developing, manufacturing and distributing our operating companies' products; collecting and storing sensitive data and confidential information; and communicating with employees, investors, suppliers, trade customers, adult nicotine consumers and others. Recognizing the critical importance of cybersecurity in today's digital landscape, we are committed to safeguarding our information assets, protecting consumer data and maintaining the integrity and availability of our systems. Accordingly, we have implemented an extensive cybersecurity risk management framework designed to identify, assess, mitigate and prevent potential cybersecurity risks and to align with industry best practices and all applicable regulatory requirements. We leverage the National Institute of Standards and Technology ("NIST") Cybersecurity Framework and industry best practices to identify and prioritize cybersecurity risks based on their potential impacts. We also use the NIST framework and industry best practices to drive enhancements to our program that are designed to protect our assets and third-party partners. The NIST framework also helps us maintain ongoing compliance with regulatory requirements. We align our security standards for infrastructure configuration with the Center for Internet Security's Benchmarks, which are prescriptive recommendations based upon the consensus of global cybersecurity experts.

Our framework is built around the following key principles: (i) risk assessment and threat intelligence; (ii) security controls; (iii) incident response; (iv) employee awareness and training; and (v) third-party risk management. We have integrated our cybersecurity framework into our broad enterprise risk management processes, which allows us to leverage our existing enterprise-wide experience in managing risk and adapting to change in the cybersecurity threat landscape.

▪ **Risk Assessment and Threat Intelligence:** We conduct regular risk assessments to identify potential cybersecurity vulnerabilities and threats. Our Information Technology ("IT") Risk Management function, overseen by our Chief Information Security Officer ("CISO"), leads internal self-assessments, which involve evaluating the security posture of critical systems, networks and applications as well as the potential impact of cybersecurity threats on our business operations, financial condition and reputation. IT Risk Management also conducts ongoing threat monitoring and has implemented monitoring systems, including technologies such as intrusion detection systems, security information and event management tools and threat intelligence programs.

We regularly engage third-party consulting services to conduct audits and assessments of the effectiveness of our cybersecurity controls and processes and identify areas for improvement based on developments in industry best practices. We typically engage these services annually, though the cadence can differ based on the results of the audits and assessments. We also leverage third parties to evaluate our cybersecurity and risk management strategy, review policies and procedures to address new risks and maintain ongoing compliance with evolving legal and regulatory requirements. For example, we partner with leading global security providers to leverage various threat intelligence channels as input to monitor and tune our cybersecurity controls.

▪ **Security Controls:** We employ a layered approach to cybersecurity, implementing a range of technical and procedural controls designed to protect critical systems and data. These controls include (i) firewalls and intrusion detection and prevention systems to monitor and block unauthorized access attempts, detect and deter malicious activity and safeguard network infrastructure, (ii) encryption, including secure protocols and multi-factor authentication, to protect information in transit and at rest and (iii) secure network architecture that segregates critical systems from the public internet, limiting exposure to potential threats. We also conduct regular security patching to manage emerging cyber threats.

▪ **Incident Response:** We have established an incident response plan and playbooks, which include procedures designed to respond to and recover from cybersecurity incidents. These procedures, which our IT Risk Management function reviews on an ongoing basis both internally and with third-party consultants, provide detailed descriptions of the roles and responsibilities of key stakeholders and the procedures for communication and coordination during an incident. The procedures also provide guidelines for escalating information to senior management, our Disclosure Controls Committee, our Audit Committee, which, as discussed below, has been delegated cybersecurity program oversight responsibility, and our full Board and for providing timely public disclosure, when necessary.

To maintain incident readiness, business continuity and IT resilience, we conduct periodic disaster recovery exercises and cybersecurity incident management exercises led by our IT Risk Management function. These exercises involve simulating various scenarios and testing our response strategies, allowing us to identify vulnerabilities, refine procedures and enhance our overall crisis management and recovery capabilities. We believe regular practice and evaluation allows us to minimize the impact of potential disruptions and safeguard our operations, data and reputation.

▪ **Employee Awareness and Training:** We recognize that employees play a critical role in maintaining a strong cybersecurity posture. Our Information Governance Policy sets forth the requirements for employee conduct relating to company information and company-managed devices, including relevant privacy, data security and data retention policies. We believe that our Information Governance Policy is aligned with industry best practices and applicable legal and regulatory requirements. In addition to our Information Governance Policy, we conduct cybersecurity training programs emphasizing the importance of cybersecurity awareness at least annually and more frequently as necessary or advisable. These programs address relevant cybersecurity topics, such as common cybersecurity threats, phishing awareness and best practices for safeguarding sensitive information. Employees are held accountable for completing all assigned cybersecurity programs and meeting certain performance thresholds in phishing awareness exercises, and there is a range of consequences for underperformance that includes termination.

▪ **Third-Party Risk Management:** We acknowledge the potential cybersecurity risks inherent in our relationships with third-parties. Accordingly, we have implemented a third-party risk management program to identify and oversee such risks. This program relies on key elements including risk assessment, due diligence, contractual provisions and ongoing monitoring to identify and mitigate impacts from high-risk third-parties and of specific risks. We use security risk assessment questionnaire tools to identify high-risk third-parties, which we believe allows us to effectively assess and mitigate potential security vulnerabilities.

Our third-party risk assessment framework evaluates the cybersecurity practices and controls of third-parties. For high-risk third-parties, we perform due diligence inquiries, reviewing documentation with respect to their security policies, incident response capabilities, data protection measures and regulatory compliance. We also review evidence of cybersecurity certifications and the results of independent audits. For high-risk third-parties with access to sensitive data or systems, we conduct more in-depth assessments. Our contracts with high-risk third-parties contain provisions related to data protection, confidentiality, incident reporting and compliance with all applicable laws and regulations. Throughout our engagements with high-risk third-parties, we maintain a monitoring program with respect to their cybersecurity posture. Leveraging tools such as security questionnaires, security ratings and external threat intelligence, we regularly review and update third-party risk assessments based on changes in the third-party's services or practices and the risk landscape.

Governance

Our Board devotes significant time and attention to our cybersecurity and information technology risks. Our Board executes its cybersecurity risk oversight as a whole and by delegating responsibility to our Audit Committee. Our CISO and Chief Information Officer present to our Board annually and to our Audit Committee at least twice each year on a broad range of topics, such as recent and potential cybersecurity threats and incidents across our industry, best practices and policies, emerging trends, vulnerability assessments and management's ongoing efforts to prevent, detect and address internal and external cybersecurity threats specific to us. These briefings also include reporting on periodic third-party cybersecurity program assessments and benchmarks and updates from our cybersecurity incident management exercises. Cybersecurity risks are documented in an IT Risk Dashboard, which is shared with our Audit Committee for awareness several times each year. Our full Board also has access to these materials. Finally, we provide periodic cybersecurity training to our Audit Committee and Board to further cybersecurity awareness and risk oversight.

While our Board and Audit Committee oversee cybersecurity risk, senior management is responsible for actively managing cybersecurity risk, including by overseeing and executing the risk management strategies discussed above. Our Risk Oversight Committee, which is chaired by our Chief Compliance Officer and comprised of members of senior management, including our Chief Financial Officer, Chief Operating Officer, Chief Strategy and Growth Officer and General Counsel, oversees the management of key enterprise risks, including cybersecurity risks. Senior management reports annually to the Board with respect to our overall enterprise risk management processes. Our CISO presents to the Risk Oversight Committee quarterly to review the status of management's key cybersecurity risk management strategies. The Risk Oversight Committee also receives the quarterly IT Risk Dashboard.

Our CISO, who reports directly to our Vice President, Enterprise Technology and Chief Information Officer, is responsible for assessing and managing cybersecurity risks and maintaining our cybersecurity program. Our CISO has over 25 years of experience, including six years as our CISO, managing technology risks across multiple industries, including financial services, technology and manufacturing. Through strategic hiring and internal development, our CISO enhances the levels of skill and experience on our IT Risk Management team to stay ahead of evolving cybersecurity threats. As of the date of this filing, 100% of our IT Risk Management team has technical industry certification, and members of the IT Risk Management team have an average of 15 years of cybersecurity experience. Our CISO currently serves as an advisor to multiple industry groups. Our cybersecurity program undergoes an annual third-party controls effectiveness assessment and bi-annual program maturity evaluation against industry peers and consistently receives assessments indicating that it is ahead of the cybersecurity programs of our peer group.

As of the date of this filing, we are not aware of any current cybersecurity threats or cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business, results of operations or financial condition. From time-to-time, we and our third-party service providers, suppliers and trade customers experience attempts to infiltrate and interrupt information systems. We have not experienced an information security breach within the past three years, and to date, we have not experienced any interruptions of information systems as a result of infiltration attempts. For further discussion of the risks related to cybersecurity, see *Risks Relating to Our Business - Information Technology and Data Privacy Risks* in Item 1A.

Item 2. Properties.

ALCS owns one property in Richmond, Virginia that serves as the headquarters facilities for Altria, PM USA, USSTC, Middleton, Helix, NJOY and certain other subsidiaries.

PM USA owns and operates a manufacturing facility located in Richmond, Virginia that PM USA uses in the manufacturing of cigarettes (smokeable products segment). PM USA leases portions of this facility to our other subsidiaries for use in the manufacturing of cigars (smokeable products segment) and oral nicotine pouches (oral tobacco products segment). In addition, PM USA owns a research and technology center in Richmond, Virginia that it leases to ALCS.

The oral tobacco products segment has various manufacturing and processing facilities, the most significant of which are located in Nashville, Tennessee and Hopkinsville, Kentucky.

The plants and properties owned or leased and operated by us are maintained in good condition and are believed to be suitable and adequate for present needs.

Item 3. Legal Proceedings.

The information required by this Item is included in Note 18 and Exhibits 99.1 and 99.2 to this Form 10-K. Altria's consolidated financial statements and accompanying notes for the year ended December 31, 2025 were filed on Form 8-K on January 29, 2026 (such consolidated financial statements and accompanying notes are also included in Item 8). The following summarizes certain developments in Altria's litigation since the filing of the Form 8-K.

Recent Developments

- **Health Care Cost Recovery Litigation**

Continuing NPM Adjustment Disputes with States That Have Not Settled. In February 2026, an arbitration panel found that Missouri was not diligent in the enforcement of its escrow statutes in 2005.

- **Antitrust Litigation**

In February 2026, the U.S. District Court for the Northern District of California certified three classes of plaintiffs (one of direct purchasers, one of indirect purchasers and one of indirect resellers).

Item 4. Mine Safety Disclosures.

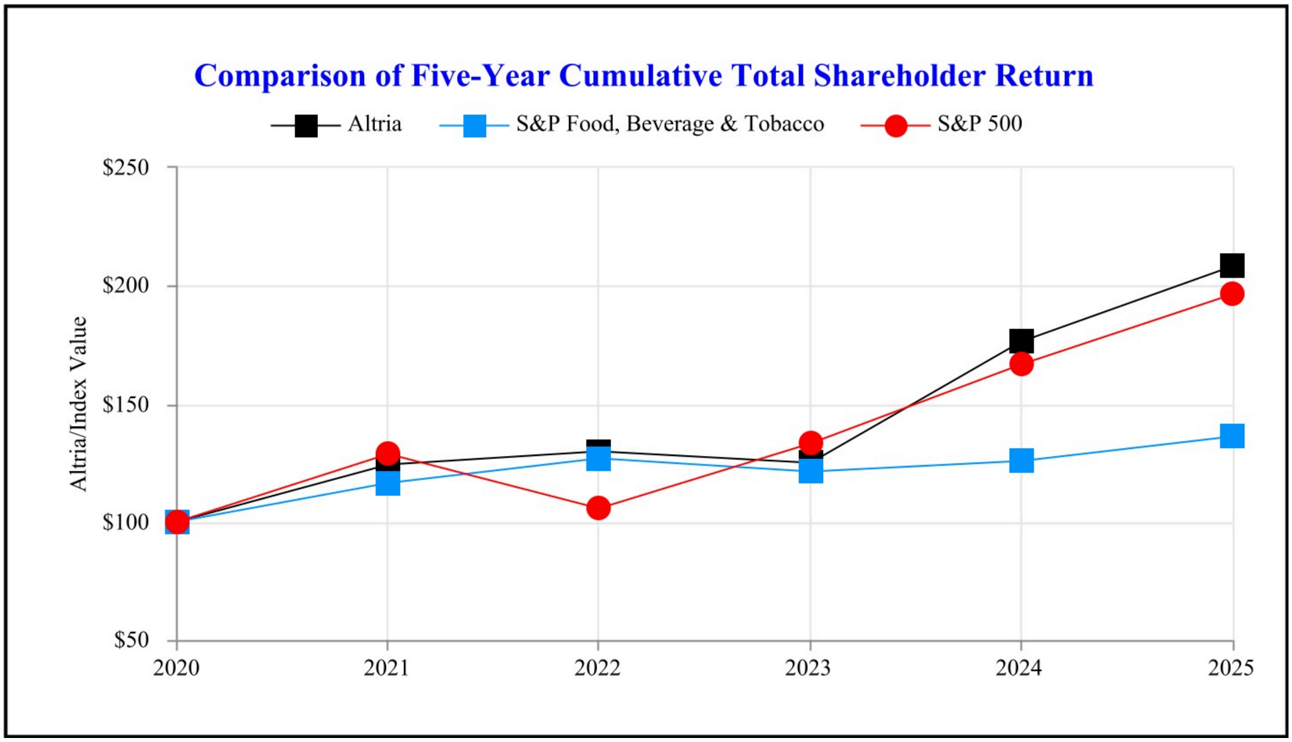
Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Performance Graph

The graph below compares the cumulative total shareholder return of our common stock for the last five years with the cumulative total return for the same period of the S&P 500 Index and the S&P Food, Beverage and Tobacco Industry Group Total Return Index. The graph assumes the investment of $100 in common stock and each of the indices as of the market close on December 31, 2020 and the reinvestment of all dividends on a quarterly basis.



Date		Altria		S&P Food, Beverage & Tobacco		S&P 500
December 2020	**$**	**100.00**	$	100.00	$	100.00
December 2021	**$**	**124.26**	$	116.18	$	128.71
December 2022	**$**	**129.70**	$	126.72	$	105.40
December 2023	**$**	**125.06**	$	121.25	$	133.10
December 2024	**$**	**176.17**	$	125.52	$	166.40
December 2025	**$**	**208.24**	$	135.97	$	196.16

Source: FactSet - Total return assumes reinvestment of dividends as of the ex-dividend date.

Market and Dividend Information

The principal stock exchange on which our common stock (par value $0.33 1/3 per share) is listed is the New York Stock Exchange under the trading symbol "MO". At February 13, 2026, there were approximately 44,000 holders of record of our common stock.

We have a history of paying cash dividends, and have a progressive dividend goal targeting mid-single digits dividend per share growth annually through 2028. Future dividend payments remain subject to the discretion of our Board.

Issuer Purchases of Equity Securities During the Quarter Ended December 31, 2025

In January 2025, our Board authorized a $1.0 billion share repurchase program. In October 2025, the Board authorized a $1.0 billion expansion of this program to $2.0 billion, which expires on December 31, 2026 (as expanded, "January 2025 share repurchase program"). Share repurchases depend upon marketplace conditions and other factors, and the program remains subject to the discretion of our Board.

Our share repurchase activity for each of the three months in the period ended December 31, 2025, was as follows:

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
October 1- October 31, 2025	**1,796,943**	**$ 61.52**	**1,796,943**	**$ 1,177,389,567**
November 1- November 30, 2025	**1,561,299**	**$ 58.26**	**1,560,904**	**$ 1,086,445,148**
December 1- December 31, 2025	**1,477,862**	**$ 58.54**	**1,476,775**	**$ 1,000,000,025**
For the Quarter Ended December 31, 2025	**4,836,104**	**$ 59.56**	**4,834,622**	

[1] The total number of shares purchased includes (a) shares purchased under the January 2025 share repurchase program and (b) shares withheld by Altria in an amount equal to the statutory withholding taxes for vested stock-based awards previously granted to eligible employees (which totaled 395 in November and 1,087 in December).

Item 6. [Reserved].

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the other sections of this Form 10-K, including our consolidated financial statements and related notes contained in Item 8, and the discussion of risk factors that may affect future results in Item 1A. All references to "Notes" in this MD&A are to Notes to our consolidated financial statements in Item 8. Additionally, refer to Item 7. MD&A in our 2024 Annual Report on Form 10-K for management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023, which we filed with the SEC on February 26, 2025 and is incorporated by reference into this Form 10-K.

In this MD&A section, we refer to the following "adjusted" financial measures: adjusted operating companies income (loss) ("OCI"); adjusted OCI margins; adjusted net earnings; adjusted diluted earnings per share ("EPS"); and adjusted effective tax rates. We also refer to the ratio of debt-to-Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization, as defined in our credit agreement, which includes certain adjustments). These financial measures are not required by, or calculated in accordance with, GAAP and may not be calculated the same as similarly titled measures used by other companies. These financial measures should thus be considered as supplemental in nature and not considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. For a further description of these non-GAAP financial measures, see the *Non-GAAP Financial Measures* section below.

Executive Summary

Our Business

We have a leading portfolio of tobacco products for U.S. tobacco consumers age 21+. We are *Moving Beyond Smoking*™, by responsibly transitioning adult smokers to a smoke-free future, competing vigorously for existing smoke-free adult nicotine consumers and exploring new growth opportunities - beyond the United States and beyond nicotine.

Our wholly owned subsidiaries include leading manufacturers of both combustible and smoke-free products. In combustibles, we own PM USA, the most profitable U.S. cigarette manufacturer, and Middleton, a leading U.S. cigar manufacturer.

In smoke-free products, we own USSTC, the leading global MST manufacturer, Helix, a leading manufacturer of oral nicotine pouches, and NJOY, an e-vapor manufacturer with products covered by MGOs from the FDA. Additionally, we have a majority-owned joint venture, Horizon, for the U.S. marketing and commercialization of HTS products.

The brand portfolios of our operating companies include *Marlboro*, *Black & Mild*, *Copenhagen*, *Skoal*, *on!* and *NJOY*. Trademarks related to Altria referenced in this Form 10-K are the property of Altria or our subsidiaries or are used with permission.

Our investments in equity securities include ABI, the world's largest brewer, and Cronos, a leading Canadian cannabinoid company.

For a description of Altria, see Item 1. Business of this Form 10-K ("Item 1").

Vision and 2028 Goals

As we execute on our Vision, we established our 2028 Enterprise Goals ("2028 Goals") to provide our investors with specific metrics to measure our progress. Our 2028 Goals are:

- *Corporate*
  - Deliver a mid-single digits adjusted diluted EPS compounded annual growth rate ("CAGR") in 2028 from a $4.87 base in 2022, which has been recast as described in *Non-GAAP Financial Measures* below (for our progress through 2025, see *Consolidated Results of Operations*);
  - A progressive dividend goal targeting mid-single digits dividend per share growth annually through 2028;
  - Target a debt-to-Consolidated EBITDA ratio of approximately 2.0x (see *Liquidity and Capital Resources*);
  - Maintain our leadership position in the U.S. tobacco space; and
  - Maintain a total adjusted OCI margin of at least 60% in each year through 2028 (see *Operating Results by Business Segment*).
- *U.S. Smoke-Free Portfolio*
  - Due to ongoing market disruption caused by illicit e-vapor products that have evaded the regulatory process, we continue to reassess our smoke-free goals and expect to provide updated goals when we have more clarity on how the legitimate e-vapor market may evolve. We remain steadfast in our commitment to our Vision and to building a portfolio of FDA-authorized smoke-free products for adult smokers and adult nicotine consumers currently using smoke-free products. For additional information on the e-vapor category, see *Operating Results by Business Segment - Business Environment.*
- *Long-Term Growth*
  - Compete internationally in the top innovative oral tobacco markets and develop a pathway to participate in heated tobacco and e-vapor markets; and
  - Enter non-nicotine categories with broad commercial distribution of at least five products by 2028.

Optimize & Accelerate Initiative

In October 2024, we announced a multi-phase Initiative designed to modernize our ways of working as we work towards achieving our Vision and 2028 Goals. In 2025, we began modernizing our ways of working, which enabled increased speed, efficiency and effectiveness across the organization. We are now adding the final phases of the Initiative and continue to expect to deliver cumulative savings of at least $600 million by the end of 2029. We continue to plan to reinvest these savings in our businesses in support of our Vision and 2028 Goals. These cumulative cost savings exclude our estimated pre-tax charges for the Initiative of approximately $175 million, updated from our prior estimate of approximately $125 million, as a result of finalizing the plans for all phases of the Initiative, which we treat as special items and exclude from our adjusted diluted EPS. For further discussion of the Initiative, see Note 5. *Exit and Implementation Costs* ("Note 5").

Trends and Developments

In this section of the MD&A, we discuss certain factors that have impacted our businesses as of the date of this Form 10-K. In addition, we are aware of and address certain trends and developments that could, individually or in the aggregate, have a material impact on our businesses, including the value of our investments in equity securities, in the future. In this section, we focus on the discretionary income pressures on adult nicotine consumers, tariffs, evolving consumer preferences and illicit flavored disposable e-vapor products. Other trends and developments are discussed elsewhere in this MD&A.

Throughout 2025, U.S. adult nicotine consumers faced persistent inflationary pressures on discretionary income, with lower-income consumers particularly affected. Inflation remained above the Federal Reserve's 2% target, and elevated prices for essentials such as groceries and housing continued to constrain spending, prompting many low-income earners to cut back and rely more heavily on credit. Gas prices trended downward as expected, with the most notable improvement seen in December when the average price fell to $2.89 per gallon, bringing the average in the fourth quarter of 2025 to approximately $3.00 per gallon. Meanwhile, tariffs introduced earlier in the year steadily increased over recent months, weighing on consumer confidence and adding headwinds to discretionary spending. While we have not observed a material impact on adult nicotine consumer purchasing behavior as a result of tariffs, we continue to closely monitor the additional pressure that tariff-related price increases may exert. In addition, we are monitoring other effects of tariffs on our businesses, including the price, availability and quality of tobacco, raw materials, ingredients and component parts used to manufacture our operating companies' products. We do not expect tariffs to have a material impact on our costs in 2026 based on presently available information.

Overall discretionary income pressures on adult nicotine consumers have resulted in increased discount brand share performance and continued to contribute to evolving adult nicotine consumer preferences, each of which has negatively impacted the sales volumes of our operating companies' premium brands. For the fourth quarter of 2025, the discount retail share of the cigarette category reached 32.9%, an increase of 2.6 share points versus the fourth quarter of 2024 and 0.7 share points sequentially. Additionally, we believe that a significant number of adult nicotine consumers switch among tobacco categories, use multiple forms of tobacco products and try innovative nicotine products, such as e-vapor products and oral nicotine pouches. The U.S. nicotine pouch category continued to grow throughout the fourth quarter of 2025 to 56.9% of the U.S. oral tobacco category, an increase of 10.4 share points versus the fourth quarter of 2024. When adjusted for trade inventory movements, smokeable products segment's domestic cigarette shipment volume declined by an estimated 7% in the fourth quarter of 2025 versus the fourth quarter of 2024. We estimate that, when adjusted for trade inventory movements and other factors, total estimated domestic cigarette industry volume declined by 6.5% in the fourth quarter of 2025 versus the fourth quarter of 2024. In the third quarter of 2025, we estimated the industry decline rate to be 8% versus the third quarter of 2024. We believe that the 1.5 percentage points reduction in the domestic cigarette industry volume decline rate in the current quarter was primarily due to illicit flavored disposable e-vapor product growth moderating slightly in 2025 as compared to the prior year. We have closely monitored this trend and its impact on cigarette industry decline rates. Based on our latest data, we are updating our cigarette category volume decomposition. We now estimate that cross-category movement, primarily driven by illicit flavored disposable e-vapor products, contributed approximately 2% to 3% to the cigarette industry volume decline during 2025 versus our prior estimate of approximately 3% to 4%. As innovative smoke-free products evolve to better address the preferences of adult nicotine consumers, these consumers continue to transition from cigarettes and MST products to innovative smoke-free products, which has negatively impacted the sales volumes of our operating companies' cigarette and MST products.

Product assortment, regulation and enforcement continue to evolve in the e-vapor category. Flavored disposable e-vapor products have continued driving growth in the e-vapor category. We estimate that flavored disposable e-vapor products, the majority of which we believe have evaded the regulatory process, represent approximately 70% of the e-vapor category. In response to the proliferation of illicit flavored disposable e-vapor products, states and the federal government have taken various regulatory and enforcement actions. For example, the FDA and U.S. Customs and Border Protection have made it more difficult to import properly declared illicit e-vapor products, seized unauthorized e-vapor products and issued warning letters to importers. However, although the FDA, in conjunction with other federal entities, has increased enforcement activity, insufficient actions against manufacturers, distributors and retailers of nicotine products requiring FDA review for which no PMTAs have been submitted have allowed such products to continue to proliferate in the market. We expect that effective enforcement against illicit flavored disposable e-vapor products will occur more gradually than initially anticipated. As a result, in connection with the preparation of our financial statements for the year ended December 31, 2025, we recorded non-cash impairments of our e-vapor reporting unit goodwill and definite-lived intangible assets. For further discussion, see Note 4. *Goodwill and Other Intangible Assets, net.* ("Note 4").

Additionally, we continue to see increased illicit activity across multiple nicotine categories, including nicotine pouch products and cigarettes. Throughout 2024 and 2025, traditional tobacco retailers began to carry various synthetic oral nicotine pouch products. We continue to track the overall dynamics across multiple nicotine categories as well as competitive threats to our brands.

See *Operating Results by Business Segment - Business Environment* for additional information on the trends and developments discussed above.

With the exception of the impact of illicit flavored disposable e-vapor products on NJOY, the trends and developments above have not had a material adverse impact on our results of operations, cash flows or financial position. We do not believe the trends and developments discussed above have materially impacted our ability to achieve our Vision. As the trends and developments evolve and new ones emerge, we will continue to evaluate the potential impacts on our businesses, investments and Vision.

Consolidated Results of Operations

The changes in net earnings and diluted EPS for the year ended December 31, 2025, from the year ended December 31, 2024, were due primarily to the following:

(in millions, except per share data)	Net Earnings	Diluted EPS
For the year ended December 31, 2024	$ 11,264	$ 6.54
2024 NPM Adjustment Items	(20)	(0.01)
2024 Acquisition and disposition-related items	(1,862)	(1.08)
2024 Asset impairment, exit and implementation costs	315	0.18
2024 Tobacco and health and certain other litigation items	76	0.04
2024 Amortization of intangibles	115	0.07
2024 ABI-related special items	2	—
2024 Cronos-related special items	15	0.01
2024 Income tax items	(969)	(0.56)
Subtotal 2024 special items [1]	(2,328)	(1.35)
2025 NPM Adjustment Items	**15**	**0.01**
2025 Acquisition and disposition-related items	**(66)**	**(0.04)**
2025 Asset impairment, exit and implementation costs	**(1,921)**	**(1.14)**
2025 Tobacco and health and certain other litigation items	**(44)**	**(0.03)**
2025 Amortization of intangibles	**(110)**	**(0.06)**
2025 ABI-related special items	**(75)**	**(0.04)**
2025 Cronos-related special items	**5**	**—**
2025 Income tax items	**(5)**	**—**
Subtotal 2025 special items	**(2,201)**	**(1.30)**
Fewer shares outstanding	**—**	**0.11**
Change in tax rate	**119**	**0.07**
Operations	**93**	**0.05**
For the year ended December 31, 2025	**$ 6,947**	**$ 4.12**
2025 Reported Net Earnings	**$ 6,947**	**$ 4.12**
2024 Reported Net Earnings	$ 11,264	$ 6.54
% Change	**(38.3)%**	**(37.0)%**
2025 Adjusted Net Earnings and Adjusted Diluted EPS	**$ 9,148**	**$ 5.42**
2024 Adjusted Net Earnings and Adjusted Diluted EPS	$ 8,936	$ 5.19
% Change	**2.4 %**	**4.4 %**

[1] Prior period amounts have been recast to conform with current period presentation for amortization of intangibles that were not previously identified as special items and that are now excluded from our adjusted financial measures. See *Non-GAAP Financial Measures* below.

For a discussion of special items and other business drivers affecting the comparability of statements of earnings amounts and reconciliations of adjusted earnings and adjusted diluted EPS, see *Consolidated Operating Results* below.

- **Fewer Shares Outstanding:** Fewer shares outstanding were due to shares we repurchased under our share repurchase programs.
- **Change in Tax Rate:** The change in the tax rate (which excludes the impact of special items shown in the table above) was driven primarily by lower state tax expense.
- **Operations:** The increase of $93 million in operations (which excludes the impact of special items shown in the table above) was due primarily to higher OCI, partially offset by lower net periodic benefit income, excluding service cost and higher interest and other debt expense, net.

For further details, see *Consolidated Operating Results* and *Operating Results by Business Segment* below.

Compounded EPS Growth Rate

Our 2028 Goals include delivering a mid-single digits adjusted diluted EPS CAGR in 2028 from a $4.87 [(1)] base in 2022. Our calculation of progress towards this goal through 2025 is as follows:

	For the Years Ended December 31,		
	2025	2022	CAGR
Reported diluted EPS	**$ 4.12**	**$ 3.19**	**8.9 %**
NPM Adjustment Items	**(0.01)**	(0.03)	
Acquisition and disposition-related items	**0.04**	—	
Asset impairment, exit and implementation costs	**1.14**	—	
Tobacco and health and certain other litigation items	**0.03**	0.05	
Amortization of intangibles	**0.06**	0.03	
JUUL changes in fair value	—	0.81	
ABI-related special items	**0.04**	1.12	
Cronos-related special items	—	0.10	
Income tax items	—	(0.40)	
Adjusted diluted EPS [(1)]	**$ 5.42**	**$ 4.87**	**3.6 %**

[(1)] Prior period amounts have been recast to conform with current period presentation for amortization of intangibles that were not previously identified as special items and that are now excluded from our adjusted financial measures. See *Non-GAAP Financial Measures* below.

Non-GAAP Financial Measures

We report our financial results in accordance with GAAP. However, our management also reviews certain financial results, including OCI, OCI margins, net earnings and diluted EPS, on an adjusted basis, which excludes certain income and expense items that our management believes are not part of underlying operations. These items may include, for example, loss on early extinguishment of debt, restructuring charges, asset impairment charges, acquisition, disposition and integration-related items, equity investment-related special items, certain income tax items, charges associated with tobacco and health and certain other litigation items, resolutions of certain non-participating manufacturer (“NPM”) adjustment disputes under the Master Settlement Agreement (“NPM Adjustment Items”) and amortization expense associated with definite-lived intangible assets (“amortization of intangibles”). In addition, our management reviews the ratio of debt-to-Consolidated EBITDA, which we use as a factor to determine our ability to access the capital markets and make investments in pursuit of our Vision. Consolidated EBITDA is calculated in accordance with our Credit Agreement (defined below in *Liquidity and Capital Resources*) and includes certain adjustments. Our management does not view any of these special items to be part of our underlying results as they may be highly variable, may be unusual or infrequent, are difficult to predict and can distort underlying business trends and results. Our management also reviews income tax rates on an adjusted basis, which may exclude certain income tax items from our reported effective tax rate.

Beginning in the first quarter of 2025, we changed our treatment of our amortization of intangibles that we previously included in our adjusted results, including adjusted net earnings and adjusted diluted EPS, and now treat this expense as a special item and exclude it from our adjusted results. Amortization of intangibles is significantly impacted by the timing, frequency and size of acquisitions, each with unique facts and circumstances, which could result in amortization charges that could be inconsistent in size and timing. Net revenues generated from these definite-lived intangible assets during the periods presented, if applicable, are included in our adjusted financial measures.

Our management believes that the foregoing financial measures provide useful additional insight into underlying business trends and results, and provide a more meaningful comparison of year-over-year results. Our management uses these financial measures and regularly provides these to our chief operating decision maker (“CODM”) for planning, forecasting and evaluating business and financial performance, including allocating capital and other resources and evaluating results relative to employee compensation targets. The foregoing financial measures are not required by, or calculated in accordance with, GAAP and may not be calculated the same as similarly titled measures used by other companies. The foregoing financial measures should thus be considered as supplemental in nature and not considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. When we provide a non-GAAP measure in this Form 10-K, we also provide a reconciliation of that non-GAAP financial measure to the most directly comparable GAAP financial measure.

Discussion and Analysis

Critical Accounting Estimates

Note 2. *Summary of Significant Accounting Policies* ("Note 2") includes a summary of the significant accounting policies and methods used in the preparation of our consolidated financial statements. In most instances, we must use an accounting policy or method because it is the only policy or method permitted under GAAP.

The preparation of financial statements includes the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the dates of the financial statements and the reported amounts of net revenues and expenses during the reporting periods. If actual amounts are ultimately different from previous estimates, the revisions are included in our consolidated results of operations for the period in which the actual amounts become known. Historically, the aggregate differences, if any, between our estimates and actual amounts in any year have not had a significant impact on our consolidated financial statements.

The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods, used in the preparation of our consolidated financial statements:

- **Revenue Recognition:** We define net revenues as revenues, which include excise taxes and shipping and handling charges billed to customers, net of cash discounts for prompt payment, sales returns (also referred to as returned goods) and sales incentives. These consumer incentives consist primarily of price promotions, substantially all of which are made to retailers to incent the promotion of certain product offerings in select geographic areas. These price promotions include estimates of variable consideration and require estimates and judgments based principally on shipment volume, retail acceptance and compliance, redemption and utilization. Actual payments will differ from estimated payments to the extent actual results differ from estimated assumptions. We reflect differences between actual and estimated payments in the period in which actual payments become known, which have not been material to our financial position, results of operations or operating cash flows. We record these expected payments for price promotions as a reduction to revenues upon shipment of goods to customers in our consolidated statements of earnings and in accrued marketing liabilities on our consolidated balance sheets.

- **Depreciation, Amortization, Impairment Testing and Assets Valuation:** We depreciate property, plant and equipment and amortize our definite-lived intangible assets using the straight-line method over the estimated useful lives of the assets. We depreciate machinery and equipment over periods up to 20 years, and buildings and building improvements over periods up to 50 years. We amortize definite-lived intangible assets over their estimated useful lives.

We review long-lived assets, including definite-lived intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be fully recoverable. We perform undiscounted operating cash flow analyses to determine if an impairment exists. For purposes of recognition and measurement of an impairment for assets held for use, we group assets and liabilities at the lowest level for which cash flows are separately identifiable. If the carrying value of the long-lived asset exceeds its fair value, we measure the amount of impairment loss as the difference between the carrying value and the fair value of the long-lived asset, which is determined using discounted cash flows. We base impairment losses on assets to be disposed of, if any, on the estimated proceeds to be received, less costs of disposal. We also review the estimated remaining useful lives of long-lived assets whenever events or changes in business circumstances indicate the lives may have changed.

We conduct a required annual review of goodwill and indefinite-lived intangible assets for potential impairment as of October 1 of each year, and more frequently if an event occurs or circumstances change that would require us to perform an interim review, using either a qualitative or quantitative assessment for each of our reporting units and indefinite-lived intangible assets. When a qualitative assessment is performed, we determine whether it is more likely than not that an impairment exists based on qualitative factors such as macroeconomic conditions, industry and competitive conditions, legal and regulatory environment, historical financial performance and significant changes impacting the reporting unit and the indefinite-lived intangible assets. In performing a quantitative assessment, if the carrying value of a reporting unit that includes goodwill exceeds its fair value, which is determined using discounted cash flows, goodwill is considered impaired. We measure the amount of impairment loss as the difference between the carrying value and the fair value of a reporting unit; however, the amount of the impairment loss is limited to the total amount of goodwill allocated to a reporting unit. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, which is determined using discounted cash flows, we consider the intangible asset to be impaired and reduce the carrying value to fair value in the period identified.

We use an income approach to estimate the fair value of our reporting units and trademarks using information available as of the impairment testing date. The income approach reflects the discounting of expected future cash flows at a rate of return that incorporates the risk-free rate for the use of those funds, the expected rate of inflation and the risks associated with realizing expected future cash flows. The discounted cash flows may include multiple scenarios that consider a range of potential outcomes in projected cash flows.

In determining the estimated fair values of our reporting units and indefinite-lived intangible assets in 2025, 2024 and 2023, we made various judgments, estimates and assumptions, the most significant of which were volume, price, revenue, income, operating margins, perpetual growth rates, discount rates and scenario weightings, as applicable.

Goodwill by reporting unit and indefinite-lived intangible assets at December 31, 2025 were as follows:

(in millions)	Goodwill	Indefinite-Lived Intangible Assets
Cigarettes	$ 22	$ 2
MST products	5,023	8,447
Cigars	77	2,640
Oral nicotine pouches	55	—
E-vapor	610	—
Total	$ 5,787	$ 11,089

2025 Annual Review of Goodwill and Indefinite-lived Intangible Assets

We completed our annual impairment test of goodwill and indefinite-lived intangible assets performed as of October 1, 2025. We elected to perform a qualitative assessment for certain of our reporting units and indefinite-lived intangible assets. This qualitative assessment included the review of certain macroeconomic factors and entity-specific qualitative factors discussed above to determine if it was more likely than not that the fair values of our reporting units and indefinite-lived intangible assets were below carrying value. For certain of our other reporting units and indefinite-lived intangible assets, we elected to perform a single step quantitative assessment.

Upon completion of this testing, we determined that the estimated fair values substantially exceeded the carrying values for all of our reporting units and indefinite-lived intangible assets with the exception of our e-vapor reporting unit and *Skoal* trademark.

Our annual impairment test incorporated assumptions used in our long-term financial forecast, which is used by our management to evaluate business and financial performance, including allocating resources and evaluating results relative to employee compensation targets. The assumptions incorporated the highest and best use of our reporting units and indefinite-lived intangible assets and also included perpetual growth rates for periods beyond the long-term financial forecast. The perpetual growth rates and discount rates used in performing the valuations ranged from 0% to 2% and 9.0% to 13.5%, respectively.

Additionally, in determining the significant assumptions, we made judgments regarding the: (i) timing of effective enforcement against illicit flavored disposable e-vapor products; (ii) timing and receipt of regulatory authorizations of innovative tobacco products, including oral nicotine pouches and e-vapor products; (iii) long-term growth of innovative tobacco products, including oral nicotine pouches, and the related impact on the MST category; (iv) long-term growth of the e-vapor category; and (v) conversion rates of illicit flavored disposable e-vapor consumers to FDA-authorized e-vapor products and specifically, NJOY's e-vapor products. Fair value calculations are sensitive to changes in these estimates and assumptions, some of which relate to broader macroeconomic conditions outside of our control.

Although our discounted cash flow analyses are based on assumptions that we considered reasonable and are based on the best available information as of December 31, 2025, we used significant judgment in determining future cash flows. In addition to the judgments discussed above, the following factors also have the potential to impact our assumptions and thus the expected future cash flows and, therefore, our impairment conclusions: general macroeconomic conditions; governmental actions, including FDA regulatory actions and inaction; changes in category growth (decline) rates as a result of changing adult nicotine consumer preferences; success of planned new product expansions; competitive activity; unfavorable outcomes with respect to litigation proceedings, including actions brought against us alleging patent infringement; and income and excise taxes. For further discussion of these factors, see *Operating Results by Business Segment - Business Environment* below.

While our management believes that the estimated fair values of each reporting unit and indefinite-lived intangible assets at December 31, 2025 are reasonable, actual performance in the short term or long term could be significantly different from forecasted performance, which could result in impairment charges in future periods.

After recording the impairment charge in the fourth quarter of 2025 (discussed below), the carrying value of the e-vapor reporting unit's net assets (including the effect of intercompany debt), approximated its estimated fair value. If the assumptions or judgments regarding the expectations for the future state of the e-vapor category and NJOY's business discussed above fail to materialize as anticipated, if we experience unfavorable outcomes with respect to litigation proceedings (including actions alleging patent infringement), or if the discount rate used to estimate the fair value increases, we could have additional non-cash impairments of our e-vapor reporting unit goodwill in future periods, which could be material. A hypothetical 1% increase in the discount rate used to estimate the fair value of the e-vapor reporting unit would have resulted in an additional goodwill impairment charge of approximately $150 million during 2025.

Although the estimated fair value of the *Skoal* trademark exceeded its carrying value by approximately 7% ($0.3 billion), MST products, including *Skoal*, continued to be negatively impacted due in part to evolving adult nicotine consumer preferences, which have continued to contribute to reductions in sales volumes for MST products, including *Skoal*. If the decline in sales volume for *Skoal* is higher than currently estimated and results in material revenue declines, we believe there may be a material adverse effect on the significant assumptions used in performing our valuation. If *Skoal*'s actual revenue and income or long-term outlook are significantly unfavorable compared to forecasted performance used to estimate the fair value or if the discount rate used to estimate the fair value increases, we could have material non-cash impairments of the *Skoal* trademark in future periods. A hypothetical 1% increase in the discount rate used to estimate the fair value of the *Skoal* trademark would have resulted in an impairment charge of approximately $90 million in 2025.

During 2024 and 2023, our annual impairment test of goodwill and indefinite-lived intangible assets resulted in no impairment charges.

E-vapor Reporting Unit Goodwill & Definite-Lived Intangible Assets Impairments

During the fourth quarter of 2025, we determined that the long-lived assets in the e-vapor reporting unit may not be fully recoverable. As a result, we first performed a recoverability test of the e-vapor definite-lived intangible assets. We determined that the asset group was not recoverable because the estimated undiscounted cash flows, including an assumed terminal-year EBITDA multiple, were less than its carrying value. Second, we measured the impairment loss by comparing the carrying value of the definite-lived intangible assets, consisting of developed technology and trademarks, to their estimated fair values. These fair values were determined using an income approach, specifically the relief from royalty method, which estimates the value of an intangible asset by calculating the present value of the hypothetical royalty payments a company avoids by owning the asset rather than licensing it from a third party. In performing this analysis, we made various judgments, estimates and assumptions, the most significant of which were volume, price, revenue, income, operating margins, scenario weightings, discount rates, royalty rates, obsolescence rates and economic lives. As a result, we recorded a non-cash, pre-tax impairment of these assets of $970 million, which we recorded in our consolidated statement of earnings for the year ended December 31, 2025.

Following the impairment of these e-vapor definite-lived intangible assets, we performed our annual impairment test of goodwill, utilizing the revised carrying amount of the e-vapor reporting unit after reflecting the e-vapor definite-lived intangible assets impairment charges. Our test indicated that the estimated fair value of the e-vapor reporting unit was below its carrying value, resulting in a non-cash goodwill impairment of $285 million, which we recorded in our consolidated statement of earnings for the year ended December 31, 2025. The impairments of the e-vapor definite-lived intangible assets and the e-vapor reporting unit goodwill were due primarily to lower projected volume and revenue as a result of the impact of estimates regarding protracted ineffective enforcement against illicit flavored disposable e-vapor products. After this e-vapor goodwill impairment charge, the carrying value of e-vapor goodwill as of December 31, 2025 was $610 million.

In addition to our annual impairment testing, during the first quarter of 2025 we identified a triggering event related to our e-vapor reporting unit that required an interim impairment assessment. As a result, we performed a quantitative impairment assessment of goodwill and related intangible assets for the e-vapor reporting unit as of March 31, 2025. As discussed in Note 4, the interim impairment assessment resulted in a non-cash goodwill impairment of $873 million during the first quarter of 2025, which is recognized in our consolidated statement of earnings for the year ended December 31, 2025. We concluded that the carrying value of our e-vapor definite-lived intangible assets was recoverable and no impairment existed as of March 31, 2025.

As a result of the goodwill impairments recognized in the first and the fourth quarters of 2025, the total non-cash goodwill impairment recognized in our consolidated statement of earnings for the year ended December 31, 2025 was $1,158 million.

▪ **Investments in Equity Securities:** At the end of each reporting period, we review our equity investments accounted for under the equity method of accounting (ABI and Cronos) for impairment by comparing the fair value of each of our investments to their carrying value. If the carrying value of an investment exceeds its fair value and the loss in value is other than temporary, we consider the investment impaired, reduce its carrying value to its fair value and record the impairment in the period identified. We use certain factors to make this determination, including (i) the duration and magnitude of the fair value decline, (ii) the financial condition and near-term prospects of the investee and (iii) our intent and ability to hold our investment until recovery to its carrying value.

For further discussion of our investments in equity securities, see Note 6. *Investments in Equity Securities* (“Note 6”).

▪ **Contingencies:** As discussed in Note 18 and Item 3, legal proceedings covering a wide range of matters are pending or threatened in various United States and foreign jurisdictions against Altria and certain of our subsidiaries, including PM USA and NJOY, as well as certain respective indemnitees. In 1998, PM USA and certain other tobacco product manufacturers entered into the MSA with 46 states, the District of Columbia and certain United States territories to settle asserted and unasserted health care cost recovery and other claims. PM USA and certain other U.S. tobacco product manufacturers had previously entered into agreements to settle similar claims brought by Mississippi, Florida, Texas and Minnesota (together with the MSA, “State Settlement Agreements”). PM USA’s portion of ongoing adjusted payments is based on its relative share of the settling manufacturers’ domestic cigarette shipments, including roll-your-own cigarettes, in the year preceding that in which the payment is due. PM USA’s obligations under the State Settlement Agreements to make quarterly payments with respect to settling plaintiffs’ attorneys’ fees ended in the fourth quarter of 2024. Payments under the State Settlement Agreements are based on variable factors, such as inflation, operating income, market share and industry volume. Our subsidiaries account for the cost of the State Settlement Agreements as a component of cost of sales. Our subsidiaries recorded approximately $3.0 billion and $3.5 billion of charges to cost of sales for the years ended December 31, 2025 and 2024, respectively, in connection with the State Settlement Agreements.

We record provisions in our consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. At the present time, while it is reasonably possible that an unfavorable outcome in a case may occur, except to the extent discussed in Note 18 and Item 3: (i) management has concluded that it is not probable that a loss has been incurred in any pending litigation; (ii) management is unable to estimate the possible loss or range of loss that could result from an unfavorable outcome in any pending case; and (iii) accordingly, management has not provided any amounts in our consolidated financial statements for unfavorable outcomes, if any. We expense litigation defense costs as incurred and include such costs in marketing, administration and research costs in our consolidated statements of earnings.

- **Employee Benefit Plans:** We provide a range of benefits to certain employees and retired employees, including pension, postretirement health care and postemployment benefits. We record annual amounts relating to these plans based on calculations specified by GAAP, which include various actuarial assumptions as to discount rates, assumed rates of return on plan assets, mortality, compensation increases, turnover rates and health care cost trend rates. We review our actuarial assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when it is deemed appropriate to do so. Any effect of the modifications is generally amortized over future periods.

We recognize the funded status of our defined benefit pension and other postretirement plans on the consolidated balance sheets and record as a component of other comprehensive earnings (losses), net of deferred income taxes, the gains and losses and prior service costs and credits that have not been recognized as components of net periodic benefit cost (income). We subsequently amortize the gains or losses and prior service costs or credits recorded as components of other comprehensive earnings (losses) into net periodic benefit cost (income) in future years.

Due to changes in market factors, our discount rates used to determine our pension plan and postretirement plan obligations decreased to 5.4% at December 31, 2025 from 5.7% at December 31, 2024. We presently anticipate net pre-tax pension and postretirement expense of approximately $48 million in 2026 versus net pre-tax income of $11 million in 2025. This change is due primarily to higher amortization of net unrecognized losses, lower expected income on plan assets and an expected settlement charge in 2026, partially offset by lower interest costs. Assuming no change to the shape of the yield curve, a 50 basis point decrease (increase) in our discount rates would increase (decrease) our pension and postretirement expense by approximately $5 million. Similarly, a 50 basis point decrease (increase) in the expected return on plan assets would increase (decrease) our pension and postretirement expense by approximately $35 million.

For additional information see Note 16. *Benefit Plans* (“Note 16”).

- **Income Taxes:** Significant judgment is required in determining income tax provisions and in evaluating tax positions. We determine deferred tax assets and liabilities based on the difference between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. We record a valuation allowance when we have determined that it is more likely than not that some portion or all of a deferred tax asset will not be realized. In assessing realizability, we consider the weight of all available positive and negative evidence, including the character of the assets and the possible sources of taxable income of the appropriate character within the applicable carryback and carryforward periods available under the tax law.

We recognize the financial statement benefit for uncertain income tax positions in our consolidated financial statements when we have determined that it is more likely than not, based on the technical merits, that the position will be sustained upon examination by taxing authorities. The recognized amount is the largest benefit that is more than 50% likely to be realized upon ultimate settlement. We do not recognize positions that do not meet this threshold in the financial statements.

We recognized income tax benefits and charges in the consolidated statements of earnings during 2025 and 2024 as a result of various tax events.

For additional information on income taxes, see Note 14. *Income Taxes* (“Note 14”).

Consolidated Operating Results

(in millions)	For the Years Ended December 31, 2025	2024
Net Revenues:		
Smokeable products	**$ 20,485**	$ 21,204
Oral tobacco products	**2,802**	2,776
E-vapor products	**(13)**	40
All other	**5**	(2)
Net revenues	**$ 23,279**	$ 24,018
Excise Taxes on Products:		
Smokeable products	**$ 3,042**	$ 3,469
Oral tobacco products	**98**	105
Excise taxes on products	**$ 3,140**	$ 3,574
Operating Income:		
OCI:		
Smokeable products	**$ 10,984**	$ 10,821
Oral tobacco products	**1,828**	1,449
E-vapor products	**(2,297)**	(171)
All other	**(229)**	(243)
Amortization of intangibles	**(132)**	(139)
General corporate expenses	**(255)**	(476)
Operating income	**$ 9,899**	$ 11,241

As discussed further in Note 15, our CODM reviews OCI, which is defined as operating income before general corporate expenses and amortization of intangibles, to evaluate the performance of, and allocate resources to, our segments. Our management believes it is appropriate to disclose this measure to help investors analyze our business performance and trends.

The following table provides a reconciliation of adjusted net earnings and adjusted diluted EPS for the years ended December 31:

(in millions of dollars, except per share data)	Earnings before Income Taxes	Provision for Income Taxes	Net Earnings	Diluted EPS
2025 Reported	**$ 9,389**	**$ 2,442**	**$ 6,947**	**$ 4.12**
NPM Adjustment Items	**(20)**	**(5)**	**(15)**	**(0.01)**
Acquisition and disposition-related items	**76**	**10**	**66**	**0.04**
Asset impairment, exit and implementation costs	**2,184**	**263**	**1,921**	**1.14**
Tobacco and health and certain other litigation items	**58**	**14**	**44**	**0.03**
Amortization of intangibles	**132**	**22**	**110**	**0.06**
ABI-related special items	**95**	**20**	**75**	**0.04**
Cronos-related special items	**(5)**	**—**	**(5)**	**—**
Income tax items	**—**	**(5)**	**5**	**—**
2025 Adjusted for Special Items	**$ 11,909**	**$ 2,761**	**$ 9,148**	**$ 5.42**
2024 Reported	$ 13,658	$ 2,394	$ 11,264	$ 6.54
NPM Adjustment Items	(27)	(7)	(20)	(0.01)
Acquisition and disposition-related items	(2,527)	(665)	(1,862)	(1.08)
Asset impairment, exit and implementation costs	422	107	315	0.18
Tobacco and health and certain other litigation items	101	25	76	0.04
Amortization of intangibles	139	24	115	0.07
ABI-related special items	2	—	2	—
Cronos-related special items	18	3	15	0.01
Income tax items	—	969	(969)	(0.56)
2024 Adjusted for Special Items [(1)]	$ 11,786	$ 2,850	$ 8,936	$ 5.19

[(1)] Prior period amounts have been recast to conform with current period presentation for amortization of intangibles that were not previously identified as special items and that are now excluded from our adjusted financial measures. See *Non-GAAP Financial Measures* below.

The following special items affected the comparability of statements of earnings amounts for the years ended December 31, 2025 and 2024.

- **NPM Adjustment Items:** For a discussion of NPM Adjustment Items and a breakdown of these items by segment, see *Health Care Cost Recovery Litigation* in Note 18 and *NPM Adjustment Items* in Note 15, respectively.

- **Acquisition and Disposition-Related Items:** We recorded net pre-tax charges reflecting expenses primarily related to the ITC exclusion order and cease-and-desist orders prohibiting the importation and sale of *NJOY ACE* in the United States. These charges are net of insurance recoveries from insurance contracts associated with the NJOY Transaction. For further information on the ITC's determination, see *E-vapor Product Litigation - JUUL Patent Litigation* in Note 18. We recorded these items as follows for the years ended December 31:

(in millions)	2025	2024
Net revenues [(1)]	**$ 23**	$ —
Cost of sales [(1)]	**44**	—
Marketing, administration and research costs [(2)]	**(16)**	36
Total	**$ 51**	$ 36

[(1)] Included in our e-vapor products segment.

[(2)] Recorded as general corporate expense, net of $39 million and $25 million of insurance recoveries for the year ended December 31, 2025 and 2024, respectively. In 2024 and 2025, we incurred total costs of $151 million primarily associated with the ITC exclusion order and cease-and-desist orders prohibiting the importation and sale of *NJOY ACE* in the United States and patent infringement lawsuits related to the NJOY Transaction, which were offset by insurance recoveries of $64 million.

Additionally, we recorded a non-cash, pre-tax charge of $25 million for the year ended December 31, 2025 for the change in the fair value of the contingent payments associated with the NJOY Transaction. In connection with the June 2024 issuance by the FDA of MGOs for four *NJOY ACE* menthol pod products, we recorded a pre-tax charge of approximately $140 million for the year ended December 31, 2024 for the change in the fair value of the contingent payments associated with the NJOY Transaction. These charges were recorded as general corporate expense and included in marketing, administration and research costs in our consolidated statements of earnings. For further information, see *Contingent Payments* in Note 7. *Financial Instruments*.

We recorded a pre-tax gain of $2.7 billion upon the assignment of the *IQOS Tobacco Heating System* ("*IQOS* System") commercialization rights to Philip Morris International Inc. in April 2024, for the year ended December 31, 2024. For a discussion of the sale of the *IQOS* System commercialization rights, see Note 4.

- **Asset Impairment, Exit and Implementation Costs:** We recorded non-cash, pre-tax impairment charges of $2,128 million to reduce the carrying values of the e-vapor reporting unit goodwill and definite-lived intangible assets to their estimated fair values for the year ended December 31, 2025 in our e-vapor products segment. We recorded a non-cash, pre-tax impairment of the *Skoal* trademark of $354 million for the year ended December 31, 2024 in our oral tobacco products segment. For further discussion, see Note 4.

  We recorded pre-tax exit and implementation costs of $56 million and $68 million related to the Initiative for the years ended December 31, 2025 and 2024, respectively. For a breakdown of these costs by segment, see Note 5.

- **Tobacco and Health and Certain Other Litigation Items:** For a discussion of tobacco and health and certain other litigation items and a breakdown of these costs by segment, see Note 18 and *Tobacco and Health and Certain Other Litigation Items* in Note 15, respectively.

- **Amortization of Intangibles:** We recorded pre-tax amortization expense of definite-lived intangible assets of $132 million and $139 million for the years ended December 31, 2025 and 2024, respectively, in marketing, administration and research costs in our consolidated statements of earnings.

- **ABI-Related Special Items:** We recorded net pre-tax losses of $95 million from our investment in ABI for the year ended December 31, 2025, consisting primarily of mark-to-market losses on certain ABI financial instruments associated with its share commitments.

  We recorded net pre-tax expense of $2 million from our investment in ABI for the year ended December 31, 2024, which consisted primarily of mark-to-market losses on certain ABI financial instruments associated with its share commitments, mostly offset by a gain related to the partial sale of our investment in ABI ("ABI Transaction"). For further information on the gain related to the ABI Transaction, see Note 6.

  The ABI-related special items include our respective share of the amounts recorded by ABI and additional adjustments related to (i) the conversion of ABI-related special items from international financial reporting standards to GAAP and (ii) adjustments to our investment required under the equity method of accounting.

- **Income Tax Items:** We recorded income tax items of $969 million for the year ended December 31, 2024, due primarily to an income tax benefit from the partial releases of valuation allowances on JUUL-related losses in connection with an agreement reached in October 2024 with the Internal Revenue Service and in connection with the ABI Transaction. For further discussion of income tax items, see Note 14.

2025 Compared with 2024

Net revenues, which include excise taxes billed to customers, decreased $739 million (3.1%), due primarily to lower net revenues in our smokeable products segment.

Cost of sales decreased $480 million (7.9%), due primarily to lower shipment volume and lower per unit settlement charges in our smokeable products segment.

Excise taxes on products decreased $434 million (12.1%), due primarily to lower shipment volume in our smokeable products segment.

Marketing, administration and research costs decreased $230 million (8.4%), due primarily to lower acquisition-related items discussed above and transaction costs associated with the ABI Transaction in 2024, both of which are included in general corporate expenses.

Operating income decreased $1,342 million (11.9%), due primarily to lower OCI (which includes the net impact of non-cash impairments of the e-vapor reporting unit goodwill and definite-lived intangible assets in our e-vapor products segment in 2025 and a non-cash impairment of the *Skoal* trademark in our oral tobacco product segment in 2024), partially offset by lower general corporate expenses.

Net periodic benefit income, excluding service cost, decreased by $43 million (42.2%), due primarily to lower income on plan assets and higher amortization of net unrecognized losses in 2025, partially offset by lower interest costs. For additional information, see Note 16.

(Income) losses from investments in equity securities was unfavorable $142 million (21.8%), due primarily to lower income from our equity investment in ABI (which includes our gain on the ABI Transaction in 2024).

Provision for income taxes increased $48 million (2%), due primarily to unfavorable income tax items discussed above, partially offset by lower earnings before income taxes. For additional information, see Note 14.

Reported net earnings of $6,947 million decreased $4,317 million (38.3%), due primarily to the gain on the sale of the *IQOS* System commercialization rights in 2024 and lower operating income. Reported basic and diluted EPS of $4.12, each decreased by 37% due to lower reported net earnings, partially offset by fewer shares outstanding.

Adjusted net earnings of $9,148 million increased $212 million (2.4%), due primarily to higher OCI and a lower adjusted tax rate, partially offset by lower net periodic benefit income, excluding service cost and higher interest and other debt expense, net. Adjusted diluted EPS of $5.42 increased by 4.4%, due to higher adjusted net earnings and fewer shares outstanding.

Operating Results by Business Segment

Business Environment

Summary

The U.S. nicotine industry faces a number of business, legal and regulatory challenges that have materially adversely affected and may continue to materially adversely affect our business, results of operations, cash flows or financial position or our ability to achieve our Vision. These challenges, some of which are discussed in more detail in Note 18, Item 1A and Item 3, include:

- pending and threatened litigation and bonding requirements;
- restrictions and requirements imposed by the FSPTCA and restrictions and requirements (and related enforcement actions) that have been, and in the future will be, imposed by the FDA;
- the FDA's failure to effectively address illicit nicotine products on the market, including illicit disposable e-vapor and oral nicotine pouch products;
- illicit trade in nicotine products, including cigarettes, e-vapor products and oral nicotine pouch products;
- actual and proposed excise tax increases, as well as changes in tax structures and tax stamping requirements;
- bans and restrictions on tobacco use imposed by governmental entities and private establishments and employers;
- other federal, state and local government actions, including:
  - restrictions on the sale of certain nicotine products, the sale of nicotine products by certain retail establishments, the sale of nicotine products with characterizing flavors and the sale of nicotine products in certain package sizes;
  - additional restrictions on the advertising and promotion of nicotine products;
  - other actual and proposed tobacco- or nicotine-related legislation and regulation;
  - prohibitions on the sale of tobacco products based on environmental concerns and the imposition of responsibility on manufacturers for the disposal, recycling or other treatment of post-consumer goods such as plastic packaging; and
  - governmental investigations;
- reductions in consumption levels of cigarettes and MST products resulting in lower shipment volumes;
- increased efforts by tobacco control advocates and other private sector entities (including retail establishments) to further restrict the availability and use of nicotine products or the ability to communicate with adult consumers through third-party digital platforms;
- changes in adult nicotine consumer purchase behavior, which is influenced by various factors such as macroeconomic conditions (including inflation and tariffs), the proliferation of illicit disposable e-vapor products, excise taxes and product price gap relationships, each of which has resulted and may in the future result in adult nicotine consumers switching to lower-priced nicotine products and lower shipment volumes;
- the highly competitive nature of all nicotine categories, including competitive disadvantages related to the impact on cigarette prices due to the settlement of certain healthcare cost recovery litigation, the growth of innovative nicotine products, such as e-vapor and oral nicotine pouch products, and the ability of competitors to receive refunds of certain duties, taxes and fees paid on imported tobacco products when offsetting volumes of those products or substantially similar products are subsequently exported;
- the growth of products using nicotine analogues that are designed to imitate the effects of nicotine but are not subject to the FDA regulatory framework for tobacco products; and
- potential adverse changes in prices, availability and quality of tobacco, other raw materials and component parts, including as a result of changes in macroeconomic, geopolitical, climate and environmental conditions.

We continue to monitor the evolving business, legal and regulatory challenges within our business environment to assess potential impacts on us. Changes in these and other conditions could have a material adverse effect on our business, results of operations, cash flows, financial position and our ability to achieve our Vision.

FSPTCA and FDA Regulation

- **The Regulatory Framework:** The FSPTCA and its related regulations establish broad FDA regulatory authority over all tobacco products and, among other provisions:
  - impose restrictions on the advertising, promotion, sale and distribution of tobacco products (see *Final Tobacco Marketing Rule* below);
  - establish premarket review pathways for new and modified tobacco products (see *Premarket Review Pathways for Tobacco Products and Market Authorization Enforcement* below);
  - prohibit any express or implied claims that a tobacco product is or may be less harmful than other tobacco products without FDA authorization;
  - authorize the FDA to impose tobacco product standards that are appropriate for the protection of public health (see *Potential Product Standards* below); and
  - equip the FDA with a variety of investigatory and enforcement tools, including the authority to inspect product manufacturing and other facilities (see *Investigation and Enforcement* below).

Effective April 2022, the U.S. Congress expanded the statutory definition of tobacco products to include products containing nicotine derived from any source, including synthetic nicotine. See *Premarket Review Pathways for Tobacco Products and Market Authorization Enforcement* below for additional information. Currently, however, the statutory definition of tobacco products does not cover products containing nicotine analogues, which are designed to imitate the effects of nicotine. As a result, products containing nicotine analogues are not subject to the FDA regulatory framework for tobacco products.

- **Final Tobacco Marketing Rule:** As required by the FSPTCA, the FDA has promulgated a wide range of advertising and promotion restrictions for cigarettes and smokeless tobacco[1] products (the "Final Tobacco Marketing Rule"), which the FDA has subsequently amended to expand specific provisions to all tobacco products, including cigars, pipe tobacco and e-vapor and oral nicotine products containing tobacco-derived nicotine or other tobacco derivatives such as synthetic nicotine. The Final Tobacco Marketing Rule currently does not apply to products containing nicotine analogues.

- **Rulemaking and Guidance:** From time to time, the FDA issues proposed regulations and guidance, which may be issued in draft or final form, that generally involve public comment and may include scientific review. We actively engage with the FDA to develop and implement the FSPTCA's regulatory framework, including submission of comments to various FDA policies and proposals and participation in public hearings and engagement sessions.

The FDA's implementation of the FSPTCA and related regulations and guidance also may have an impact on enforcement efforts by states, territories and localities of their laws and regulations as well as of the State Settlement Agreements (see *State Settlement Agreements* below). Such enforcement efforts may adversely affect our operating companies' abilities to market and sell tobacco products in those states, territories and localities.

- **Premarket Review Pathways for Tobacco Products and Market Authorization Enforcement:** The FSPTCA permits the sale of tobacco products on the market as of February 15, 2007 and not subsequently modified ("Pre-existing Tobacco Products") and new or modified products authorized through the PMTA, Substantial Equivalence ("SE") or SE Exemption pathways. Subsequent FDA rules also provide a Supplemental PMTA pathway designed to increase the efficiency of submission and review for modified versions of previously authorized products.

For products currently on the market, the FDA premarket authorization enforcement policy varies based on product type and date of availability on the market, specifically:

- Pre-existing Tobacco Products are exempt from the premarket authorization requirement;
- cigarette and smokeless tobacco products that were modified or first introduced into the market between February 15, 2007 and March 22, 2011 are generally considered "Provisional Products" for which SE reports were required to be filed by March 22, 2011. These reports must demonstrate that the product has the same characteristics as a product on the market as of February 15, 2007 or to a product previously determined to be substantially equivalent, or has different characteristics but does not raise different questions of public health;
- tobacco products that were first regulated by the FDA in 2016, including cigars, e-vapor products and oral nicotine pouches that are not Pre-existing Tobacco Products, are generally products for which either an SE report or PMTA needed to be filed by September 9, 2020; and
- tobacco products containing nicotine from any source other than tobacco (*e.g.*, synthetic nicotine) that were on the market between March 15, 2022 and April 14, 2022 and are not Pre-existing Tobacco Products are generally products for which a manufacturer must have filed a PMTA by May 14, 2022. A manufacturer was permitted to keep such a product on the

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[1] *"Smokeless tobacco," as used in this section of this Form 10-K, refers to smokeless tobacco products first regulated by the FDA in 2009, including MST. It excludes oral nicotine pouches, which were first regulated by the FDA in 2016.*

market until July 13, 2022 provided that a PMTA was filed by May 14, 2022. Thereafter, unless the FDA granted the product a marketing order, the product is subject to possible FDA enforcement.

The FSPTCA requires the FDA to issue a marketing order (either an MGO or a marketing denial order (“MDO”)) with respect to a PMTA no later than 180 days after receipt of the PMTA. Following the 180-day FDA review period, the FSPTCA allows any party that receives an MDO to seek expedited judicial review of the ruling in a federal appellate court within 30 days. Together, these statutory deadlines for FDA action and judicial review create a structure and timeline for manufacturers seeking to market new products. While it is possible that the FDA may bring an enforcement action relating to commercialized products for which a PMTA has been pending longer than the 180-day review period, we believe that any such enforcement action would conflict with the FSPTCA. Our operating companies may decide to commercialize products that have not received MGOs from the FDA if the operating company submitted a PMTA with respect to any such product in compliance with the FSPTCA and the FDA failed to issue a marketing order within the statutory review period.

Modifications to currently marketed products, including modifications that result from, for example, changes to the quantity of tobacco product(s) in a package, a manufacturer being unable to acquire ingredients or a supplier or contract manufacturer being unable to maintain the consistency required in ingredients or manufacturing processes, could trigger the FDA’s premarket review process. Additionally, a manufacturer may be unable to maintain consistency in manufacturing processes as it increases the scale of its manufacturing operations in response to market expansion or product introduction. These circumstances could cause a manufacturer to receive (i) a “not substantially equivalent” determination or (ii) a denial or withdrawal of a PMTA, either of which could result in a product being removed from the market. In addition, new scientific data continues to be developed relating to innovative nicotine products, which could impact the FDA’s determination as to whether a product is, or continues to be, appropriate for the protection of public health and could, therefore, result in the removal of one or more products from the market. Any such actions affecting our operating companies’ products could have a material adverse impact on our business, results of operations, cash flows or financial position.

Products Regulated in 2009: Most cigarette and smokeless tobacco products currently marketed by PM USA and USSTC are “Provisional Products.” PM USA and USSTC timely submitted SE reports for these Provisional Products and have received SE determinations on certain Provisional Products. Those products that were found by the FDA to be not substantially equivalent (certain smokeless tobacco products) had been discontinued for business reasons prior to the FDA’s determinations; therefore, those determinations did not impact business results. PM USA and USSTC have other Provisional Products that continue to be subject to the FDA’s premarket review process. In the meantime, they can continue marketing these products unless the FDA determines that a specific Provisional Product is not substantially equivalent.

In addition, the FDA has communicated that it will not review a certain subset of Provisional Product SE reports and that the products that are the subject of those reports can continue to be legally marketed without further FDA review. PM USA and USSTC have Provisional Products included in this subset of products.

While we believe PM USA’s and USSTC’s current Provisional Products meet the statutory requirements of the FSPTCA, we cannot predict how the FDA will ultimately apply law, regulation, guidance or enforcement authority to various SE reports. Should PM USA or USSTC receive unfavorable determinations on any SE report currently pending with the FDA, we believe PM USA and USSTC can replace the vast majority of these product volumes with other FDA authorized products or with Pre-existing Tobacco Products.

Cigarette and smokeless tobacco products introduced into the market or modified after March 22, 2011 are “Non-Provisional Products” and must apply to receive an MGO from the FDA prior to being offered for sale. MGOs for Non-Provisional Products may be obtained by filing an SE report, a PMTA or using another premarket pathway established by the FDA. PM USA and USSTC may not be able to obtain an MGO for non-provisional products because the FDA may determine that any such product does not meet the statutory requirements for approval.

Products Regulated in 2016: Manufacturers of products first regulated by the FDA in 2016, including cigars, oral nicotine pouches and e-vapor products, that were on the market as of August 8, 2016 and not subsequently modified must have filed an SE report or a PMTA by the filing deadline of September 9, 2020 in order for their products to remain on the market. These products can remain on the market during FDA review through enforcement discretion, so long as the report or application was timely filed with the FDA. For those products still under FDA review, it is uncertain when and for how long the FDA may permit continued marketing and sale of those products pursuant to its discretion. For products (new or modified) not on the market as of August 8, 2016, manufacturers must file an SE report or a PMTA. As described above, the FSPTCA requires the FDA to issue a marketing order with respect to a PMTA no later than 180 days after receipt of the PMTA.

Helix submitted PMTAs for *on!* oral nicotine pouches on the market as of August 2016 in May 2020, PMTAs for additional *on!* oral nicotine pouches in September 2024, PMTAs for *on! PLUS* oral nicotine pouches in tobacco, mint and wintergreen flavors in June 2024 and PMTAs for *on! PLUS* oral nicotine pouches in six additional flavors in November 2025. In September 2025, the FDA launched a pilot program intended to increase efficiency and streamline the review process for PMTAs for select oral nicotine pouch products. Also in September 2025, the FDA communicated to Helix that PMTAs for certain of its products, including *on! PLUS,* were being reviewed through the pilot program. In December 2025, the FDA issued MGOs with respect to *on! PLUS* oral nicotine pouches in tobacco, mint and wintergreen flavors in 6 mg and 9 mg nicotine levels. As of February 23, 2026, the FDA has not issued a marketing order with respect to any other *on!* or *on! PLUS* product.

As of February 23, 2026, Middleton has received MGOs or exemptions that cover over 99% of its cigar product volume.

As a result of the NJOY Transaction, we gained full global ownership of NJOY's e-vapor product portfolio, including *NJOY ACE*, a pod-based e-vapor product with an MGO from the FDA, and *NJOY Daily*, which also has an MGO. In June 2024, NJOY received MGOs with respect to two *NJOY ACE* menthol products and two *NJOY Daily* menthol products. *NJOY ACE* is subject to ITC exclusion and cease-and-desist orders prohibiting importation and sale in the United States. Although *NJOY Daily* is not subject to these orders, JUUL has asserted claims of patent infringement based on the sale of *NJOY Daily* in the United States. See Note 18.

Effect of Adverse FDA Determinations: FDA review timeframes have varied. It is therefore difficult to predict the duration of FDA reviews of SE reports or PMTAs. An unfavorable determination on an application, the withdrawal by the FDA of a prior MGO, an FDA enforcement action or other changes in FDA regulatory requirements could result in the removal of products from the market. A "not substantially equivalent" determination, a denial of a PMTA, an MGO withdrawal or an enforcement action by the FDA with respect to one or more products (each of which could require the removal of the product or products from the market) could have a material adverse impact on our business, results of operations, cash flows or financial position. Also, adverse FDA determinations or enforcement actions concerning innovative nicotine products could have a material adverse effect on our innovative nicotine businesses and our ability to achieve our Vision.

Post-Market Surveillance: Manufacturers that receive MGOs must adhere to the FDA post-market record keeping and reporting requirements, as detailed in market orders and in the final PMTA rule. The requirements include prior notification of marketing activities. The FDA may amend requirements of an MGO or withdraw the MGO based on this information if, among other reasons, it determines that the continued marketing of the products is no longer appropriate for the protection of the public health. If the FDA fails to issue a marketing order within the statutory review period with respect to a PMTA submitted by one of our operating companies and that operating company elects to commercialize the applicable product, we expect that operating company will execute its plans consistent with the post-market record keeping and reporting requirements of the FDA's most recently issued MGOs for similar products.

- **FDA Regulatory Actions**

- *Graphic Warnings*: In March 2020, the FDA issued a final rule requiring 11 textual warnings accompanied by color graphics depicting certain negative health consequences of smoking on cigarette packaging and advertising. PM USA and other cigarette manufacturers filed lawsuits challenging the final rule on substantive and procedural grounds. In December 2022, the U.S. District Court for the Eastern District of Texas found in favor of cigarette manufacturers in one such suit and blocked the rule, finding it unconstitutional on the basis that it compelled speech in violation of the First Amendment. The FDA appealed the decision, and, in March 2024, the U.S. Court of Appeals for the Fifth Circuit reversed the district court and remanded the case for further proceedings. In August 2024, the cigarette manufacturers in the suit petitioned the U.S. Supreme Court to review the case, which the U.S. Supreme Court declined to do.

  In January 2025, the U.S. District Court for the Eastern District of Texas found in favor of cigarette manufacturers that had challenged the final rule on the basis that the FDA exceeded its statutory authority by requiring cigarette packaging and advertising to contain 11 specific warnings when it only had the authority to require nine. In its ruling, the court granted a preliminary injunction staying the FDA's enforcement of the rule against all cigarette manufacturers pending further litigation. In March 2025, the FDA appealed that decision to the U.S. Court of Appeals for the Fifth Circuit.

  In December 2024, PM USA and several Georgia co-plaintiffs filed suit against the FDA in the U.S. District Court for the Southern District of Georgia, challenging the final rule on substantive and procedural grounds. In August 2025, the federal court vacated the final rule on the basis that the FDA violated federal law by not disclosing timely data it relied on in creating the rule. In October 2025, the FDA appealed that decision to the U.S. Court of Appeals for the Eleventh Circuit.

- *Underage Access and Use of Certain Tobacco Products*: The FDA announced regulatory actions in September 2018 to address underage access to and use of e-vapor products. We have engaged with the FDA on this topic and have reaffirmed to the FDA our ongoing and long-standing commitment to preventing underage use. For example, we advocated raising the minimum legal age to purchase all tobacco products to 21 at the federal and state levels to further address underage use, which is now federal law. We continue to advocate in states that have not yet raised the minimum legal age to purchase all tobacco products to 21.

- *E-Vapor Products*: In September 2022, the FDA represented that it had resolved more than 99% of the timely applications it had received, the vast majority of which were for e-vapor products and resulted in MDOs. As of February 23, 2026, many manufacturers of menthol and other flavored e-vapor products have received MDOs for failure to provide sufficiently strong product-specific scientific evidence to demonstrate that the benefits of their products to adult smokers overcome the risks that their products pose to youth. The FDA has communicated in these MDOs that vapor products with non-tobacco flavors present unique questions relevant to the FDA's "Appropriate for the Protection of Public Health" standard and that successful applications require strong, product-specific evidence. A number of these manufacturers are challenging the MDOs for their products. In January 2024, the U.S. Court of Appeals for the Fifth Circuit ruled that the FDA had unlawfully changed its position with respect to the information required to obtain a PMTA. In April 2025, the U.S. Supreme Court vacated the U.S. Court of Appeals for the Fifth Circuit's determination, concluding that manufacturers had been given fair notice of the PMTA requirements, and remanded the case for further review. Other U.S. Courts of Appeals have upheld adverse FDA determinations.

- **Potential Product Standards**
- *Nicotine in Cigarettes and Other Combustible Tobacco Products*: In January 2025, the FDA proposed a tobacco product standard that would establish a maximum nicotine level in cigarettes and certain other combustible tobacco products (including little cigars, cigarillos and most large cigars) significantly lower than the average concentration in these products currently on the market with the aim of making such products minimally or non-addictive. The public comment period on the proposed product standard closed in September 2025, and we have engaged with the FDA through the rulemaking process, including by submitting comments. We believe the rulemaking process for this proposed product standard will take multiple years to complete.
- *Flavors in Tobacco Products*: In April 2022, the FDA issued two proposed product standards: (i) banning menthol in cigarettes and (ii) banning all characterizing flavors (including menthol) in cigars. We submitted comments during the notice-and-comment period. In October 2023, the FDA submitted the two proposed product standards to the White House Office of Management and Budget for review. In January 2025, the Trump Administration withdrew the two proposed product standards from the Office of Management and Budget ("OMB") and sent them back to the FDA.
- *N-nitrosonornicotine ("NNN") in Smokeless Tobacco*: In January 2017, the FDA proposed a product standard for NNN levels in finished smokeless tobacco products.

If any one or more of the foregoing potential product standards were to become final and was appealed and upheld in the courts, it could have a material adverse effect on our business, results of operations, cash flows or financial position, including a material adverse effect on the carrying value of certain of our assets such as our cigar trademarks.

- **Tobacco Product Manufacturing Practices:** In March 2023, the FDA, pursuant to the requirements of the FSPTCA, issued a proposed rule setting forth requirements for tobacco product manufacturers regarding the manufacture, design, packing and storage of their products. This proposed rule establishes a framework of tobacco product manufacturing practices. OMB lists the rule as a long-term action. If the proposed rule were to take effect, our operating companies could experience increased costs to comply with the rule.
- **Impact on Our Business; Compliance Costs and User Fees:** Additional FDA regulatory actions under the FSPTCA could have a material adverse effect on our business, results of operations, cash flows or financial position in various ways. For example, actions (or inaction) by the FDA could:
  - impact the consumer acceptability of nicotine products;
  - discontinue, delay or prevent the sale or distribution of existing, new or modified nicotine products;
  - limit adult nicotine consumer choices;
  - impose restrictions on communications with adult nicotine consumers;
  - create a competitive advantage or disadvantage for certain nicotine companies;
  - impose additional manufacturing, labeling or packaging requirements;
  - impose additional restrictions at retail;
  - result in increased illicit trade in nicotine products; and
  - otherwise significantly increase the cost of doing business.

The FSPTCA imposes user fees on cigarette, cigarette tobacco, smokeless tobacco, cigar and pipe tobacco manufacturers and importers to pay for the cost of regulation and other matters. The FSPTCA does not impose user fees on e-vapor products or oral nicotine pouch manufacturers. The cost of the FDA user fee is allocated first among tobacco product categories subject to FDA user fees and then among manufacturers and importers within each respective category based on their relative market shares, all as prescribed by the FSPTCA and FDA regulations. Payments for user fees are adjusted for several factors, including market share and industry volume. See *Liquidity and Capital Resources - Payments Under State Settlement Agreements and FDA Regulation* below for a discussion of our FDA user fee payments. In addition, our operating companies' compliance with the FSPTCA's regulatory requirements has resulted, and will continue to result, in additional costs. The amount of additional compliance and related costs has not been material in any given quarter or year-to-date period but could become material, either individually or in the aggregate. The failure to comply with FDA regulatory requirements, even inadvertently, and FDA enforcement actions also could have a material adverse effect on our business, results of operations, cash flows or financial position.

- **Investigation and Enforcement:** The FDA has a number of investigatory and enforcement tools available to it, including document requests and other required information submissions, facility inspections, facility closures, examinations and investigations, injunction proceedings, monetary penalties, product withdrawal and recall orders, and product seizures. Investigations or enforcement actions could result in significant costs or otherwise have a material adverse effect on our business, results of operations, cash flows or financial position.

Although the FDA, in conjunction with other federal entities, has increased enforcement activity, insufficient actions against manufacturers, distributors and retailers of tobacco products requiring FDA review for which no PMTA has been submitted have allowed such products to proliferate on the market. In addition, the FDA's failure to clearly define product pathways and issue marketing orders within the statutory review period has resulted in a market with few authorized smoke-free products available to adult nicotine consumers.

Excise Taxes

Tobacco products are subject to substantial excise taxes in the United States. Significant increases in tobacco-related taxes or fees have been proposed or enacted (including with respect to e-vapor products) and are likely to continue to be proposed or enacted at the federal, state and local levels within the United States. The frequency and magnitude of excise tax increases can be influenced by various factors, including the composition of executive and legislative bodies.

Federal, state and local cigarette excise taxes have increased substantially over the past two decades, far outpacing the rate of inflation. Between the end of 1998 and February 23, 2026, the weighted-average state cigarette excise tax increased from $0.36 to $2.02 per pack. Four states (Hawaii, Indiana, Maine and New Jersey) increased excise taxes in 2025. As of February 23, 2026, no states have increased excise taxes in 2026. Various other increases are under consideration or have been proposed.

Many states currently tax MST using an ad valorem method, which is calculated as a percentage of the price of the product, typically the wholesale price. This ad valorem method results in more tax being paid on premium products than is paid on lower-priced products of equal weight. We support legislation to convert ad valorem taxes on MST to a weight-based methodology because, unlike the ad valorem tax, a weight-based tax subjects cans of equal weight to the same tax. As of February 23, 2026, the federal government, 24 states, Puerto Rico, Philadelphia, Pennsylvania and Cook County, Illinois have adopted a weight-based tax methodology for MST.

An increasing number of states and localities are proposing excise taxes on e-vapor products and oral nicotine pouches. As of February 23, 2026, 34 states, the District of Columbia, Puerto Rico and a number of cities and counties have enacted legislation to tax e-vapor products. These taxes are calculated in varying ways and may differ based on the e-vapor product form. Similarly, 19 states and the District of Columbia have enacted legislation to tax oral nicotine pouches.

Tax increases are expected to continue to have an adverse impact on sales of our operating companies' products through lower consumption levels and the potential shift in adult nicotine consumer purchases from premium to non-premium or discount cigarettes, to lower-taxed tobacco products or to counterfeit and contraband products. Lower sales volume and reported share performance of our operating companies' products could have a material adverse effect on our business, results of operations, cash flows or financial position. Changes to federal or state tax laws or challenges to one or more of our positions with respect to those laws, including with respect to the availability of duty drawback, which allows manufacturers to receive refunds of certain duties, taxes and fees paid on imported tobacco products when offsetting volumes of those products or substantially similar products are subsequently exported, could increase the taxes and other fees payable with respect to our operating companies' products or reduce the amount of taxes and other fees paid by our operating companies for which refunds are available. In addition, substantial excise tax increases on e-vapor and oral nicotine products may negatively impact adult smokers' transition to these products, which could materially adversely affect our innovative nicotine businesses and our ability to achieve our Vision.

International Treaty on Tobacco Control

The World Health Organization's Framework Convention on Tobacco Control (the "FCTC") entered into force in February 2005. As of February 23, 2026, 182 countries, as well as the European Union, have become parties to the FCTC. While the United States is a signatory of the FCTC, it is not a party to the agreement, as the agreement has not been submitted to, or ratified by, the U.S. Senate. The FCTC is the first international public health treaty and its objective is to establish a global agenda for tobacco regulation with the purpose of reducing initiation of tobacco use and encouraging cessation. The treaty recommends (and in certain instances, requires) signatory nations to enact legislation that would address various tobacco-related issues.

There are a number of proposals under consideration by the governing body of the FCTC, some of which call for substantial restrictions on the manufacture, marketing, distribution and sale of tobacco products. It is not possible to predict the outcome of these proposals or the impact of any FCTC actions on legislation or regulation in the United States, either indirectly or as a result of the United States becoming a party to the FCTC, or whether or how these actions might indirectly influence FDA regulation and enforcement.

State Settlement Agreements

As discussed in Note 18, during 1997 and 1998, PM USA and other major domestic cigarette manufacturers entered into the State Settlement Agreements. These settlements require participating manufacturers to make substantial annual payments, which are adjusted for several factors, including inflation, operating income, market share and industry volume. Higher rates of inflation can increase our financial liability under the State Settlement Agreements as the State Settlement Agreements' inflation calculations require us to apply the higher of 3% or the U.S. Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers ("CPI-U") percentage rate as published in January of each year. As of December 2025, the applicable percentage rate was approximately 2.7% based on the latest CPI-U data. We will continue to monitor the impact of increased inflation on the macroeconomic environment and our businesses.

For a discussion of the impact of the State Settlement Agreements on us, see *Liquidity and Capital Resources - Payments Under State Settlement Agreements and FDA Regulation* below and Note 18. The State Settlement Agreements also place numerous requirements and restrictions on participating manufacturers' business operations, including prohibitions and restrictions on the advertising and marketing of cigarettes and smokeless tobacco products. The State Settlement Agreements also place restrictions on the use of brand name sponsorships and brand name non-tobacco products and prohibitions on targeting youth and the use of cartoon characters. In addition, the State Settlement Agreements require companies to affirm corporate principles directed at reducing underage use of cigarettes; impose requirements regarding lobbying activities; limit the industry's ability to challenge certain tobacco control and underage use laws; and provide for the dissolution of certain tobacco-related organizations and place restrictions on the establishment of any replacement organizations.

In November 1998, USSTC entered into the Smokeless Tobacco Master Settlement Agreement (the "STMSA") with the attorneys general of various states and United States territories to resolve the remaining health care cost reimbursement cases initiated against USSTC. The STMSA required USSTC to adopt various marketing and advertising restrictions. USSTC is the only smokeless tobacco manufacturer to sign the STMSA.

Other International, Federal, State and Local Regulation and Governmental and Private Activity

▪ **International, Federal, State and Local Regulation:** Various states and localities have enacted or proposed legislation that imposes restrictions on tobacco products (including cigarettes, smokeless tobacco, cigars, e-vapor products and oral nicotine pouches), such as legislation that (i) prohibits the sale of all tobacco products or certain tobacco categories, such as e-vapor, (ii) prohibits the sale of tobacco products with characterizing flavors, such as menthol cigarettes and flavored e-vapor products, (iii) requires the disclosure of health information separate from or in addition to federally mandated health warnings, (iv) restricts commercial speech or imposes additional restrictions on the marketing or sale of tobacco products and (v) requires manufacturers of e-vapor products to certify that they are in compliance with FDA requirements to be allowed to sell in the state. The legislation varies in terms of the type of tobacco products, the conditions under which such products are or would be restricted or prohibited, and exceptions to the restrictions or prohibitions. As of February 23, 2026, multiple states and localities are considering legislation to ban flavors in one or more tobacco products, and six states (California, Massachusetts, New Jersey, New York, Rhode Island and Utah) and the District of Columbia have passed such legislation. Some states, such as New York and Illinois, exempt certain products that have received FDA market authorization through the PMTA pathway. The legislation in the State of California, which became effective in December 2022, bans the sale of most tobacco products with characterizing flavors, including menthol, mint and wintergreen. The State of Maryland banned e-vapor product flavors other than tobacco and menthol through Maryland Department of Assessments and Taxation rulemaking.

The States of Indiana, Massachusetts and Utah passed legislation capping the amount of nicotine in e-vapor products. As of February 23, 2026, legislation relating to this issue is pending in one other state.

Similar restrictions to those enacted or proposed in various U.S. states and localities on e-vapor and oral nicotine pouch products have been enacted or proposed internationally.

Certain legislation imposing restrictions on tobacco products, such as state laws requiring manufacturers of e-vapor products to certify that they are in compliance with federal law in order to sell products in the state, aligns with our Vision, and we actively engage with lawmakers in support of such legislation. It is possible, however, that legislation, regulation or other governmental action could be enacted or implemented that could have a material adverse impact on our business, results of operations, cash flows or financial position. Such action also could negatively impact adult smokers' transition to smoke-free products, which could materially adversely affect our innovative nicotine businesses and our ability to achieve our Vision. We have challenged and will continue to challenge certain federal, state and local legislation and other governmental action, including through litigation.

▪ **Federal, State and Local Legislation to Increase the Legal Age to Purchase Tobacco Products:** In December 2019, after a number of states and localities proposed and enacted legislation to increase the minimum age to purchase all tobacco products, including e-vapor products, the federal government passed legislation increasing the minimum age to purchase all tobacco products, including e-vapor products, to 21 nationwide. As of February 23, 2026, 44 states, the District of Columbia and Puerto Rico have enacted laws increasing the legal age to purchase tobacco products to 21. Although an increase in the minimum age to purchase tobacco products may have a negative impact on our operating companies' sales volumes, we support and advocate for raising the minimum legal age to purchase all tobacco products to 21 at the federal and state levels.

▪ **Health Effects of Tobacco Products, Including E-vapor Products:** Reports with respect to the health effects of smoking have been publicized for many years, including various reports by the U.S. Surgeon General. We believe that the public should be guided by the messages of the U.S. Surgeon General and public health authorities worldwide in making decisions concerning the use of tobacco products, including e-vapor products. Along with the scientific and public health communities, we continue to study and gather scientific evidence concerning the health effects of e-vapor and other innovative nicotine products. It is not possible to predict the results of ongoing scientific research or the types of future scientific research into the health risks of tobacco exposure and the impact of such research on legislation and regulation. Scientific determinations as to any health risks or negative health consequences associated with the use of e-vapor and other innovative nicotine products could materially adversely affect our innovative nicotine products businesses and our ability to achieve our Vision.

Most jurisdictions within the United States have restricted smoking in public places and some have restricted vaping in public places. Some public health groups have called for, and various jurisdictions have adopted or proposed, bans on smoking and vaping in outdoor places, in private apartments and in cars transporting children.

- **Other Legislation or Governmental Initiatives:** In addition to the actions discussed above, other regulatory initiatives affecting the tobacco industry have been adopted or are being considered at the federal level and in a number of state and local jurisdictions. For example, legislation has been introduced or enacted at the state or local level to subject tobacco products to various reporting requirements and performance standards; establish educational campaigns relating to tobacco consumption or tobacco control programs or provide additional funding for governmental tobacco control activities; restrict the sale of tobacco products in certain retail establishments and the sale of tobacco products in certain package sizes; prohibit the sale of tobacco products based on environmental concerns; impose responsibility on manufacturers for the disposal, recycling or other treatment of post-consumer goods such as plastic packaging; require tax stamping of smokeless tobacco products; require the use of state tax stamps using data encryption technology; and further restrict the sale, marketing and advertising of cigarettes and other tobacco products. Such legislation may be subject to constitutional or other challenges on various grounds, which may or may not be successful. In addition, if a pandemic or similar health emergency occurs, state and local governments may reimpose additional health and safety requirements for all businesses, which could result in the potential temporary closure of certain businesses and facilities. It is possible that tobacco manufacturing and other facilities and the facilities of our suppliers, our suppliers' suppliers and our trade partners could be subject to additional government-mandated temporary closures and restrictions.

It is not possible to predict what, if any, additional legislation, regulation or other governmental action will be enacted or implemented (and, if challenged, upheld) relating to the manufacturing, design, packaging, marketing, advertising, sale or use of tobacco products, or the tobacco industry generally. Any such legislation, regulation or other governmental action could have a material adverse impact on our business, results of operations, cash flows or financial position.

- **Governmental Investigations:** From time to time, we are subject to governmental investigations on a range of matters. For example, we are, or have been, subject to a number of governmental investigations with respect to our former investment in JUUL, which we divested in March 2023, including the following: (i) the U.S. Federal Trade Commission ("FTC") issued a Civil Investigative Demand to us while conducting its antitrust review of our former investment in JUUL; (ii) the SEC commenced an investigation relating to our acquisition, disclosures and accounting controls in connection with the JUUL investment; and (iii) the New York State Office of the Attorney General and the Commonwealth of Massachusetts Office of the Attorney General, separately, issued independent subpoenas to us seeking documents relating to our former investment in and provision of services to JUUL.

Private Sector Activity on Tobacco Products

A number of retailers, including national chains, have discontinued the sale of all tobacco products, and others have discontinued the sale of e-vapor products. Reasons for the discontinuation include change in corporate policy and, with respect to e-vapor products, reported illnesses and the uncertain regulatory environment. Furthermore, third-party digital platforms, such as app stores, have restricted, and in some cases prohibit, communications with adult nicotine consumers concerning tobacco products. It is possible that if this private sector activity becomes more widespread it could have an adverse effect on our business, results of operations, cash flows or financial position.

Illicit Trade in Tobacco Products

Illicit trade in tobacco products has had, and could continue to have, an adverse impact on our businesses, including the sales volumes and market shares of our operating companies' innovative and smoke-free products and traditional tobacco products. Illicit trade can take many forms, including the sale of counterfeit tobacco products; the sale of tobacco products requiring FDA review for which no PMTA has been submitted; the sale of tobacco products in the United States that are intended for sale outside the country; the sale of untaxed tobacco products over the Internet and by other means designed to avoid the collection of applicable taxes; and diversion into one taxing jurisdiction of tobacco products intended for sale in another. Counterfeit tobacco products, for example, are manufactured by unknown third parties in unregulated environments. Counterfeit versions of our products can negatively affect adult nicotine consumer experiences with and opinions of those brands. Illicit disposable e-vapor and oral nicotine pouch products may be designed to appeal to youth and are manufactured without scientific standards, exposing consumers to undocumented risks. Illicit trade in tobacco products also harms law-abiding wholesalers and retailers by depriving them of lawful sales and undermines the significant investment we have made in legitimate distribution channels. Moreover, illicit trade in tobacco products results in federal, state and local governments losing tax revenues. Losses in tax revenues can cause such governments to take various actions, including increasing excise taxes, imposing legislative or regulatory requirements, or asserting claims against manufacturers of tobacco products or members of the trade channels through which such tobacco products are distributed and sold, each of which could have an adverse effect on our business, results of operations, cash flows or financial position.

Prohibitionist policies, such as California's ban on the sale of flavored tobacco products, which went into effect in 2022, can have unintended negative consequences, including the proliferation of counterfeit and unregulated products. We actively engage with regulators, state and federal lawmakers, our trade partners and other stakeholders to bring awareness to these issues. When appropriate, we also take legal action to protect our FDA-authorized e-vapor product business, such as the lawsuit we filed in federal court in California against manufacturers, distributors and retailers of illicit e-vapor products, which we settled in October 2025. Pursuant to the terms of the settlement, a foreign manufacturer and certain domestic distributors of illicit disposable e-vapor devices are prohibited from selling or shipping flavored e-vapor products to consumers, retailers, wholesalers or distributors located in the State of California and from selling or shipping such products to anyone if they have actual knowledge that the products will ultimately be resold or reshipped to consumers in the State of California.

In June 2024, the U.S. Department of Justice ("DOJ") and the FDA announced the creation of a federal multi-agency task force to combat the illegal marketing and sale of e-vapor products in the United States. The DOJ and the FDA stated that the task force will focus on many topics, such as investigating and prosecuting new criminal, civil, seizure and forfeiture actions under various U.S. laws, including the FSPTCA. While these federal entities have increased enforcement activity against manufacturers, distributors and retailers of tobacco products requiring FDA review for which no PMTA has been submitted, we do not believe these efforts have had a significant impact on the volume of such products on the market.

Price, Availability and Quality of Tobacco, Other Raw Materials, Ingredients and Component Parts

Shifts in crops (such as those driven by economic conditions, adverse weather patterns and natural disasters), government restrictions and mandated prices, production control programs, economic trade sanctions, import duties and tariffs, international trade disruptions, labor disruptions, inflation, geopolitical instability, climate and environmental changes and disruptions due to man-made or natural disasters may increase the cost or reduce the supply or quality of tobacco and other raw materials, ingredients and component parts used to manufacture our operating companies' products. Any significant change in the nature or consequences of these factors could negatively impact our ability to continue manufacturing and marketing existing products, increase our costs or negatively impact adult nicotine consumer product acceptability and have a material adverse effect on our business and profitability.

As with other agricultural commodities, tobacco price, quality and availability can be influenced by variations in weather patterns and natural disasters, including those caused by climate change, and macroeconomic conditions and imbalances in supply and demand, among other factors. For varieties of tobacco only available in limited geographies, government-mandated prices and production control programs, political instability or government prohibitions on the import or export of tobacco in certain countries pose additional risks to price, availability and quality. As consumer demand increases for innovative smoke-free products and decreases for combustible and MST products, the volume of tobacco leaf required for production of these products has decreased, resulting in reduced tobacco leaf demand. Reduced demand for tobacco leaf may result in the reduced supply and availability of domestic tobacco and increased costs, as growers divert resources to other crops or cease farming. Macroeconomic factors, such as tariffs, may exacerbate reductions in demand for tobacco leaf by increasing the cost of purchasing tobacco leaf from a supplier in another country. The unavailability or unacceptability of any one or more particular varieties of tobacco leaf or the unavailability of nicotine extract necessary to manufacture our operating companies' products could negatively impact our ability to continue marketing existing products or impact adult nicotine consumer product acceptability, which could have a material adverse effect on our business and profitability. In addition, the nicotine used in our operating companies' innovative smoke-free products is extracted from tobacco produced in one country. If we are unable to identify alternate sources of nicotine for our operating companies' innovative products, we could be exposed to supply risk.

Current geopolitical and macroeconomic conditions (including tariffs, inflation, high interest rates, labor shortages, supply and demand imbalances and international armed conflict) and adverse weather events have caused and continue to cause worldwide disruptions and delays to supply chains and commercial markets, and have limited access to, and increased the cost of, raw materials, ingredients and component parts (for example, wood tips used in our cigar products and aluminum used in our packaging). As consumer demand increases for innovative smoke-free products and decreases for combustible and MST products, the volume of raw materials, ingredients and component parts required for the production of combustible and MST products has decreased. Reduced demand for raw materials, ingredients and component parts may reduce supply and availability of raw materials, ingredients and component parts as suppliers divert resources to other products or cease producing these products. Furthermore, challenging economic conditions can create the risk that our suppliers, distributors, logistics providers or other third-party partners suffer financial or operational difficulties, which may impact their ability to provide us with or distribute finished product, raw materials and component parts and services in a timely manner or at all. If we are unable to identify alternate sources of raw materials, ingredients and component parts for our operating companies' products, we could be exposed to supply risk.

We have implemented and continue to implement various strategies to help secure sufficient supplies of raw materials, ingredients and component parts for production, including maintaining inventory levels of certain tobacco varieties that cover several years, purchasing raw materials, ingredients and component parts from disperse geographic regions throughout the world and entering into long-term contracts with some of our tobacco growers and direct material suppliers. To date, the impact on us of changes in the price, availability and quality of tobacco, other raw materials, ingredients and component parts has not been material. However, the effects of current macroeconomic and geopolitical conditions, including tariffs, on prices, availability and quality of such items may continue, which could have a material adverse effect on our business, results of operations, cash flows or financial position.

In addition, government taxes and restrictions and prohibitions on the sale and use of certain materials used in our operating companies' products may limit access to, and increase the costs of, raw materials and component parts and, potentially, impede our ability to sell certain of our products. For example, certain states have passed extended producer responsibility legislation concerning packaging. Because certain of our products' packaging consists of single-use plastics, single-use plastic bans and extended producer responsibility mandates could result in bans on some of our operating companies' product packaging or their products and adversely impact our costs and revenues. Additional taxes and limitations on the use of certain single-use plastics have been proposed by the U.S. Congress and various state and local governments. These existing and potential future laws and regulations could increase the costs of, and impair our ability to, source certain materials used in the packaging for our products.

Timing of Sales

In the ordinary course of business, we are subject to many influences that can impact the timing of sales to customers, including the timing of holidays and other annual or special events, the timing of promotions, customer incentive programs and customer inventory programs, as well as the actual or speculated timing of pricing actions and tax-driven price increases.

Operating Results

The following table provides reconciliations of reported OCI to adjusted OCI for our reportable segments, all other category and total OCI and provides the related OCI margins:

	For the Year Ended December 31, 2025				
(in millions)	**Smokeable Products**	**Oral Tobacco Products**	**E-Vapor Products**	**All Other**	**Total**
Net revenues	**$ 20,485**	**$ 2,802**	**$ (13)**	**$ 5**	**$ 23,279**
Excise taxes	**(3,042)**	**(98)**	**—**	**—**	**(3,140)**
Revenues net of excise taxes	**$ 17,443**	**$ 2,704**	**$ (13)**	**$ 5**	**$ 20,139**
Reported OCI	**$ 10,984**	**$ 1,828**	**$ (2,297)**	**$ (229)**	**$ 10,286**
NPM Adjustment Items	**(24)**	**—**	**—**	**—**	**(24)**
Acquisition and disposition-related items	**—**	**—**	**67**	**—**	**67**
Asset impairment, exit and implementation costs	**49**	**7**	**2,128**	**—**	**2,184**
Tobacco and health and certain other litigation items	**55**	**—**	**—**	**—**	**55**
Adjusted OCI	**$ 11,064**	**$ 1,835**	**$ (102)**	**$ (229)**	**$ 12,568**
Reported OCI margin [1]	**63.0 %**	**67.6 %**	**(100+)%**	**(100+)%**	**51.1 %**
Adjusted OCI margin [1]	**63.4 %**	**67.9 %**	**(100+)%**	**(100+)%**	**62.4 %**

[1] Reported and adjusted OCI margins are calculated as reported and adjusted OCI, respectively, divided by revenues net of excise taxes.

Smokeable Products Segment

Financial Results

The following table summarizes operating results, includes reported and adjusted OCI margins and provides a reconciliation of reported OCI to adjusted OCI for our smokeable products segment:

	Operating Results			
	For the Years Ended December 31,			
(in millions)	**2025**		**2024**	
Net revenues	**$**	**20,485**	$	21,204
Excise taxes		**(3,042)**		(3,469)
Revenues net of excise taxes	**$**	**17,443**	$	17,735
Reported OCI	**$**	**10,984**	$	10,821
NPM Adjustment Items		**(24)**		(29)
Asset impairment, exit and implementation costs		**49**		60
Tobacco and health and certain other litigation items		**55**		70
Adjusted OCI	**$**	**11,064**	$	10,922
Reported OCI margins [1]		**63.0 %**		61.0 %
Adjusted OCI margins [1]		**63.4 %**		61.6 %

[1] Reported and adjusted OCI margins are calculated as reported and adjusted OCI, respectively, divided by revenues net of excise taxes.

2025 Compared with 2024

Net revenues, which include excise taxes billed to customers, decreased $719 million (3.4%), due primarily to lower shipment volume ($2,426 million), partially offset by higher pricing ($1,680 million), which includes higher promotional investments.

Reported OCI increased $163 million (1.5%), due primarily to higher pricing, which includes higher promotional investments, lower per unit settlement charges and lower tobacco and health and certain other litigation items ($15 million), partially offset by lower shipment volume ($1,651 million).

Adjusted OCI increased $142 million (1.3%), due primarily to higher pricing, which includes higher promotional investments, and lower per unit settlement charges, partially offset by lower shipment volume.

Marketing, administration and research costs for the smokeable products segment include PM USA's cost of administering and litigating product liability claims. Litigation defense costs are influenced by a number of factors, including the number and types of cases filed, the number of cases tried annually, the results of trials and appeals, the development of the law controlling relevant legal issues, and litigation strategy and tactics. For further discussion on these matters, see Note 18 and Item 3. For the years ended December 31, 2025 and 2024, product liability defense costs for PM USA were $113 million and $125 million, respectively. The factors that have influenced past product liability costs are expected to continue to influence future costs. We do not expect future product liability defense costs for our smokeable products segment to be significantly different from product liability defense costs incurred in 2025.

Shipment Volume and Retail Share Results

The following table summarizes our smokeable products segment's shipment volume performance:

	Shipment Volume	
	For the Years Ended December 31,	
(sticks in millions)	**2025**	**2024**
Cigarettes:		
Marlboro	**54,933**	62,584
Other premium	**2,845**	3,186
Discount	**3,974**	2,812
Total cigarettes	**61,752**	68,582
Cigars:		
Black & Mild	**1,783**	1,750
Other	**3**	4
Total cigars	**1,786**	1,754
Total smokeable products	**63,538**	70,336

Note: Cigarettes shipment volume includes *Marlboro*; Other premium brands, such as *Virginia Slims* and *Parliament*; and Discount brands, which include *L&M* and *Basic.* Cigarettes volume includes units sold as well as promotional units but excludes units not considered domestic, which are not material to our smokeable products segment.

The following table summarizes our cigarettes retail share performance:

	Retail Share	
	For the Years Ended December 31,	
	2025	**2024**
Cigarettes:		
Marlboro	**40.5 %**	41.7 %
Other premium	**2.2**	2.3
Discount	**2.5**	1.9
Total cigarettes	**45.2 %**	45.9 %

Note: Retail share results for cigarettes are based on data from Circana, LLC ("Circana"), as well as Management Science Associates, Inc. ("MSAi"). Circana maintains a blended retail service that uses a sample of stores and certain wholesale shipments to project market share and depict share trends. This service tracks sales in the food, drug, mass merchandisers, convenience, military, dollar store and club trade classes. For other trade classes selling cigarettes, retail share is based on shipments from wholesalers to retailers through the Store Tracking Analytical Reporting System, as provided by MSAi. This service is not designed to capture sales through other channels, including the internet, direct mail and some tax-advantaged outlets. It is the standard practice of retail services to periodically refresh their retail scan services, which could restate retail share results that were previously released in these services.

For a discussion of volume trends and factors that impact volume and retail share performance, see *Trends and Developments* and *Operating Results by Business Segment - Business Environment - Summary* above.

2025 Compared with 2024

Our smokeable products segment's reported domestic cigarettes shipment volume decreased 10.0%, driven primarily by the industry's decline rate (impacted by the continued growth of flavored disposable e-vapor products, the majority of which we believe have evaded the regulatory process, and discretionary income pressures on adult nicotine consumers), retail share losses and calendar differences. When adjusted for calendar differences, our smokeable products segment's domestic cigarettes shipment volume decreased by an estimated 9.5%. When adjusted for calendar differences, trade inventory movements and other factors, total estimated domestic cigarette industry volume decreased by an estimated 8%.

Shipments of premium cigarettes accounted for 93.6% and 95.9% of our smokeable products segment's reported domestic cigarettes shipment volume for 2025 and 2024, respectively.

Our cigar reported shipment volume increased 1.8%.

Marlboro's retail share of the premium segment was 59.4%, an increase of 0.1 share point.

Total cigarettes industry discount category retail share was 31.8%, an increase of 2.2 share points, primarily due to continued discretionary income pressures on adult nicotine consumers.

For a discussion regarding discount category dynamics in 2025, the growth of flavored disposable e-vapor products and the economic conditions that impact adult nicotine consumer purchasing behavior, see *Trends and Developments* and *Operating Results by Business Segment - Business Environment - Summary* above.

Pricing Actions

PM USA and Middleton executed the following pricing actions during 2025 and 2024:

- Effective October 12, 2025, PM USA increased the list price of *Marlboro* (excluding Mainline Menthol and 72s Menthol) and *L&M* by $0.17 per pack. PM USA also increased the list price of all its other premium cigarette brands by $0.22 per pack.
- Effective July 20, 2025, PM USA increased the list price of *Marlboro* (excluding Mainline Menthol and 72s Menthol) and *L&M* by $0.17 per pack. PM USA also increased the list price of all its other premium cigarette brands by $0.22 per pack.
- Effective April 20, 2025, Middleton increased various list prices across substantially all of its cigar brands resulting in a weighted-average increase of approximately $0.14 per five-pack.
- Effective April 13, 2025, PM USA increased the list price of *Marlboro* (excluding Mainline Menthol and 72s Menthol) and *L&M* by $0.20 per pack. PM USA also increased the list price of all its other premium cigarette brands by $0.25 per pack.
- Effective January 19, 2025, PM USA increased the list price of *Marlboro* (excluding Mainline Menthol and 72s Menthol) and *L&M* by $0.17 per pack. PM USA decreased the list price of *Marlboro* Black by $0.28 per pack. PM USA also increased the list price of all its other premium cigarette brands by $0.22 per pack.
- Effective October 20, 2024, PM USA increased the list price of *Marlboro* (excluding Mainline Menthol and 72s Menthol), *L&M* and *Basic* by $0.17 per pack. PM USA also increased the list price of all its other cigarette brands by $0.22 per pack.
- Effective October 6, 2024, Middleton increased various list prices across substantially all of its cigar brands resulting in a weighted-average increase of approximately $0.13 per five-pack.
- Effective July 14, 2024, PM USA increased the list price of *Marlboro* (excluding Mainline Menthol and 72s Menthol), *L&M* and *Basic* by $0.17 per pack. PM USA also increased the list price of all its other cigarette brands by $0.22 per pack.
- Effective April 21, 2024, Middleton increased various list prices across substantially all of its cigar brands resulting in a weighted-average increase of approximately $0.16 per five-pack.
- Effective April 14, 2024, PM USA increased the list price of *Marlboro* (excluding Mainline Menthol and 72s Menthol), *L&M* and *Basic* by $0.20 per pack. PM USA also increased the list price of all its other cigarette brands by $0.25 per pack.
- Effective January 14, 2024, PM USA increased the list price of *Marlboro* (excluding Mainline Menthol and 72s Menthol), *L&M* and *Basic* by $0.15 per pack. PM USA also increased the list price of all its other cigarette brands by $0.20 per pack.

In addition:

- Effective January 18, 2026, PM USA increased the list price of *Marlboro* (excluding Mainline Menthol and 72s Menthol) and *L&M* by $0.20 per pack. PM USA also increased the list price of all its other premium cigarette brands by $0.25 per pack.
- Effective February 8, 2026, Middleton increased various list prices across substantially all of its cigar brands resulting in a weighted-average increase of approximately $0.12 per five-pack.

Oral Tobacco Products Segment

Financial Results

The following table summarizes operating results, includes reported and adjusted OCI margins and provides a reconciliation of reported OCI to adjusted OCI for our oral tobacco products segment:

	Operating Results	
	For the Years Ended December 31,	
(in millions)	2025	2024
Net revenues	$ 2,802	$ 2,776
Excise taxes	(98)	(105)
Revenues net of excise taxes	$ 2,704	$ 2,671
Reported OCI	$ 1,828	$ 1,449
Asset impairment, exit and implementation costs	7	362
Adjusted OCI	$ 1,835	$ 1,811
Reported OCI margins [1]	67.6 %	54.2 %
Adjusted OCI margins [1]	67.9 %	67.8 %

[1] Reported and adjusted OCI margins are calculated as reported and adjusted OCI, respectively, divided by revenues net of excise taxes.

2025 Compared with 2024

Net revenues, which include excise taxes billed to customers, increased $26 million (0.9%), as higher pricing ($263 million), which includes higher promotional investments, was mostly offset by lower shipment volume and a higher percentage of *on!* shipment volume relative to MST (“volume/mix”) ($237 million).

Reported OCI increased $379 million (26.2%), due primarily to a non-cash impairment of the *Skoal* trademark ($354 million) in 2024, higher pricing, which includes higher promotional investments, partially offset by lower volume/mix ($222 million) and higher costs ($17 million).

Adjusted OCI increased $24 million (1.3%), as higher pricing, which includes higher promotional investments, was mostly offset by lower volume/mix and higher costs.

Shipment Volume and Retail Share Results

The following table summarizes our oral tobacco products segment’s shipment volume performance:

	Shipment Volume	
	For the Years Ended December 31,	
(cans and packs in millions)	**2025**	**2024**
Copenhagen	**362.8**	401.5
Skoal	**127.9**	147.0
on!	**177.8**	160.3
Other	**63.9**	65.9
Total oral tobacco products	**732.4**	774.7

Note: Other primarily includes *Red Seal* and *Husky*. Oral tobacco products shipment volume includes cans sold, as well as promotional units, but excludes non-domestic volume, which is currently not material to our oral tobacco products segment. New types of oral tobacco products, as well as new packaging configurations of existing oral tobacco products, may or may not be equivalent to existing MST products on a can-for-can basis. To calculate volumes of cans shipped, one can of oral nicotine pouches, irrespective of the number of pouches in the can, is assumed to be equivalent to one can of MST.

The following table summarizes our oral tobacco products segment’s retail restated share performance:

	Retail Share	
	For the Years Ended December 31,	
	2025	**2024**
Copenhagen	**15.4 %**	19.0 %
Skoal	**5.9**	7.5
on!	**8.2**	8.1
Other	**2.4**	2.7
Total oral tobacco products	**31.9 %**	37.3 %

Note: Our oral tobacco products segment’s retail share results exclude non-domestic volume, which is currently not material to our oral tobacco products segment. Retail share results for oral tobacco products are based on data from Circana, a tracking service that uses a sample of stores to project market share and depict share trends. This service tracks sales in the food, drug, mass merchandisers, convenience, military, dollar store and club trade classes on the number of cans sold. Oral tobacco products are defined by Circana as domestic oral products, in the form of MST and all oral nicotine pouch products (inclusive of tobacco-derived and synthetic oral nicotine products). New types of oral tobacco products, as well as new packaging configurations of existing oral tobacco products, may or may not be equivalent to existing MST products on a can-for-can basis. For example, one can of oral nicotine pouches, irrespective of the number of pouches in the can, is assumed to be equivalent to one can of MST. Because this service represents retail share performance only in key trade channels, it should not be considered a precise measurement of actual retail share. It is the standard practice of retail services to periodically refresh their retail scan services, which could restate retail share results that were previously released in these services.

We have restated prior period retail share performance data and estimated industry volume to reflect the inclusion of synthetic oral nicotine pouch products. Prior to 2025, our reported oral tobacco segment retail share performance data excluded synthetic oral nicotine pouch products. Throughout 2024 and into the first quarter of 2025, we tracked the quarterly sequential growth of synthetic oral nicotine pouch products in various traditional tobacco retailers. Based on the consistency of this trend, beginning in the first quarter of 2025 our reported oral tobacco products segment retail share performance data and category industry volume estimates have been updated to include synthetic oral nicotine pouch products.

For a discussion of volume trends and factors that impact volume and retail share performance, see *Trends and Developments* and *Operating Results by Business Segment - Business Environment - Summary* above.

2025 Compared with 2024

Our oral tobacco products segment's reported domestic shipment volume decreased 5.5%, driven primarily by retail share losses, calendar differences and other factors, partially offset by the industry's growth rate and trade inventory movements. When adjusted for calendar differences and trade inventory movements, our oral tobacco products segment's domestic shipment volume decreased by an estimated 4.5%.

Total oral tobacco products category industry volume increased by an estimated 14% over the six months ended December 31, 2025, driven primarily by growth in oral nicotine pouches, partially offset by declines in MST volumes.

Our oral tobacco products segment's retail share was 31.9%, a decrease of 5.4 share points primarily due to share declines for MST products.

The U.S. nicotine pouch category grew to 53.3% of the U.S. oral tobacco category, an increase of 10.0 share points. In addition, *on!*'s share of the nicotine pouch category was 15.4%, a decrease of 3.4 share points.

For a discussion regarding the growth of oral nicotine pouch products and the related impact on the MST category and economic conditions that impact adult nicotine consumer purchasing behavior, see *Trends and Developments* and *Operating Results by Business Segment - Business Environment - Summary* above.

Pricing Actions

USSTC and Helix executed the following pricing actions during 2025 and 2024:

- Effective November 18, 2025, USSTC increased the list price on its *Copenhagen*, *Skoal* and *Red Seal* brands by $0.10 per can. USSTC also increased the list price on its *Husky* brands by $0.08 per can.
- Effective July 22, 2025, USSTC increased the list price on its *Copenhagen* and *Red Seal* brands by $0.12 per can. USSTC also increased the list price on its *Skoal* brands by $0.17 per can and *Husky* brands by $0.25 per can.
- Effective April 22, 2025, USSTC increased the list price on its *Copenhagen* and *Red Seal* brands by $0.12 per can. USSTC also increased the list price on its *Skoal* brands by $0.17 per can.
- Effective February 23, 2025, Helix increased the list price on its *on!* brand by $0.20 per can.
- Effective January 21, 2025, USSTC increased the list price on its *Copenhagen* and *Red Seal* brands by $0.12 per can. USSTC also increased the list price on its *Skoal* brands by $0.17 per can.
- Effective August 25, 2024, Helix increased the list price on its *on!* brand by $0.10 per can.
- Effective July 23, 2024, USSTC increased the list price on its *Copenhagen*, *Skoal* and *Red Seal* brands by $0.10 per can.
- Effective April 23, 2024, USSTC increased the list price on its *Copenhagen*, *Skoal* and *Red Seal* brands by $0.10 per can.
- Effective January 23, 2024, USSTC increased the list price on its *Copenhagen*, *Skoal* and *Red Seal* brands by $0.11 per can.

In addition:

- Effective February 17, 2026, USSTC increased the list price on its *Copenhagen*, *Skoal* and *Red Seal* brands by $0.12 per can.

Liquidity and Capital Resources

We are a holding company that is primarily dependent on the capital resources of our subsidiaries to satisfy our liquidity requirements. Our access to the operating cash flows of our subsidiaries consists of cash received from the payment of dividends and distributions, and the payment of interest on intercompany loans. At December 31, 2025, our significant subsidiaries were not limited by contractual obligations in their ability to pay cash dividends or make other distributions with respect to their equity interests. In addition, we receive cash dividends on our interest in ABI and will continue to do so as long as we hold shares in ABI and ABI pays dividends.

At December 31, 2025, we had $4.5 billion of cash and cash equivalents. In addition to having access to the operating cash flows of our subsidiaries, our capital resources include access to credit markets in the form of commercial paper, availability under our $3.0 billion senior unsecured 5-year revolving credit agreement ("Credit Agreement"), which we use for general corporate purposes, and access to credit markets through the issuance of long-term senior unsecured notes. For additional information, see *Capital Markets and Other Matters* below.

In addition to funding current operations, we primarily use our net cash from operating activities for payment of dividends, share repurchases under our share repurchase programs, repayment of debt, acquisitions of or investments in businesses and assets and capital expenditures.

We believe our cash and cash equivalents balance, along with our future cash flows from operations, capacity for borrowings under our Credit Agreement and access to credit and capital markets, provide sufficient liquidity to meet the needs of our business operations and to satisfy our projected cash requirements for the foreseeable future, including the next 12 months.

Capital Markets and Other Matters

Credit Ratings - Our cost and terms of financing and our access to commercial paper markets may be impacted by applicable credit ratings. The impact of credit ratings on the cost of borrowings under our Credit Agreement is discussed in Note 8. *Short-Term Borrowings and Borrowing Arrangements* ("Note 8").

At December 31, 2025, the credit ratings and outlook for our indebtedness by major credit rating agencies were:

	Short-term Debt	Long-term Debt	Outlook
Moody's Investors Service, Inc. ("Moody's")	**P-2**	**A3**	**Stable** (1)
Standard & Poor's Financial Services LLC ("S&P")	**A-2**	**BBB+** (2)	**Stable** (2)
Fitch Ratings Inc. ("Fitch")	**F2** (3)	**BBB** (3)	**Stable**

(1) On April 28 2025, Moody's changed its outlook to Stable from Negative.
(2) On May 14, 2025, S&P changed its long-term debt credit rating to BBB+ from BBB and outlook to Stable from Positive.
(3) On February 13, 2026, Fitch changed its short-term debt credit rating to F1 from F2 and long-term debt credit rating to BBB+ from BBB.

Credit Lines - From time to time, we have short-term borrowing needs to meet our working capital requirements arising from the timing of payments under the State Settlement Agreements, quarterly income tax payments and quarterly dividend payments, and generally use our commercial paper program to meet those needs.

At December 31, 2025, we had availability under our Credit Agreement for borrowings of up to an aggregate principal amount of $3.0 billion, and we were in compliance with the covenants in our Credit Agreement. We monitor the credit quality of our bank group and do not know of any potential non-performing credit provider in that group. For further discussion on short-term borrowings and borrowing arrangements, see Note 8.

Long-Term Debt - At December 31, 2025 and 2024, our total long-term debt was $25.7 billion and $24.9 billion, respectively.

During 2025, our long-term debt activity included the following:

- *Debt Issuance* - In the first and third quarters of 2025, we issued U.S. dollar denominated senior unsecured notes each in the aggregate principal amount of $1.0 billion ($2.0 billion total).
- *Debt Repayment* - In the second quarter of 2025, we repaid in full at maturity (i) senior unsecured notes in the aggregate principal amount of $750 million and (ii) senior unsecured Euro notes in the aggregate principal amount of €750 million ($857 million).

In February 2026, we repaid in full at maturity senior unsecured notes in the aggregate principal amount of approximately $1.1 billion.

All of our long-term debt outstanding at December 31, 2025 and 2024 was fixed-rate debt. At December 31, 2025 and 2024, the weighted-average coupon interest rate on our total long-term debt was approximately 4.5% and 4.3%, respectively.

For further details on long-term debt, see Note 9. *Long-Term Debt* ("Note 9").

At December 31, 2025, our debt-to-Consolidated net earnings and debt-to-Consolidated EBITDA ratios were calculated as follows:

(in millions)		For the Twelve Months Ended December 31, 2025
Consolidated net earnings	**$**	**6,947**
Interest and other debt expense, net		1,079
Provision for income taxes		2,442
Depreciation and amortization		266
EBITDA		**10,734**
(Income) losses from investments in equity securities and noncontrolling interests, net		(510)
Dividends from less than 50% owned affiliates		208
Asset impairment and exit costs		978
Impairment of goodwill		1,158
Fair value adjustment for NJOY Transaction contingent payments		25
Consolidated EBITDA	**$**	**12,593**
Current portion of long-term debt	$	1,569
Long-term debt		24,140
Debt	**$**	**25,709**
Debt / Consolidated net earnings		**3.7**
Debt / Consolidated EBITDA		**2.0**

In October 2023, we filed a registration statement on Form S-3 with the SEC, under which we may offer debt securities or warrants to purchase debt securities from time to time over a three-year period from the date of filing.

Off-Balance Sheet Arrangements and Other Future Contractual Obligations

We had no off-balance sheet arrangements, including special purpose entities, other than guarantees and contractual obligations that are discussed below.

Guarantees and Other Similar Matters - As discussed in Note 18, we had unused letters of credit obtained in the ordinary course of business and guarantees (including third-party guarantees) outstanding at December 31, 2025. From time to time, we also issue lines of credit to affiliated entities. As part of the supplier financing program further discussed in Note 2, Altria guarantees the financial obligations of ALCS under the financing program agreement. In addition, as discussed below in *Supplemental Guarantor Financial Information* and in Note 9, PM USA guarantees our obligations under our outstanding debt securities, any borrowings under our Credit Agreement and any amounts outstanding under our commercial paper program. These items have not had, and are not expected to have, a significant impact on our liquidity.

Long-Term Debt and Interest on Borrowings - In addition to maturities of long-term debt, we make interest payments based on stated coupon interest rates. For information on annual debt maturities and interest payments, see Note 9.

Purchase Obligations - We have entered into purchase obligations for inventory and production costs (such as raw materials, indirect materials and services, contract manufacturing, packaging, storage and distribution) and other commitments for projected needs to be used in the normal course of business. Arrangements are considered purchase obligations if a contract specifies all significant terms, including fixed or minimum quantities to be purchased, a pricing structure and approximate timing of the transaction. Most arrangements are cancelable without a significant penalty and with short notice (usually 30 days). At December 31, 2025, purchase obligations for inventory and production costs for the next 12 months were $0.8 billion and $2.2 billion thereafter.

At December 31, 2025, we had $1.0 billion of other purchase obligation commitments for marketing, capital expenditures, information technology and professional services, which occur through the ordinary course of business. The majority of these commitments are expected to be satisfied within 12 months. Accounts payable and accrued liabilities are reflected on our consolidated balance sheet at December 31, 2025 and are excluded from the amounts above.

Payments Under State Settlement Agreements and FDA Regulation - PM USA has entered into State Settlement Agreements with the states, the District of Columbia and certain U.S. territories that call for certain payments. In addition, PM USA, Middleton and USSTC are subject to quarterly user fees imposed by the FDA as a result of the FSPTCA. For further discussion of the State Settlement Agreements, see *Health Care Cost Recovery Litigation* in Note 18.

Based on current agreements and estimates of inflation, operating income, market share and annual industry volume decline rates, the estimated amounts that we may charge to cost of sales for payments related to State Settlement Agreements and FDA user fees are $3.0 billion on average for the next three years. The estimated amount excludes the potential impact of any NPM Adjustment Items.

The estimated amounts due under the State Settlement Agreements charged to cost of sales in each year are generally paid in April of the following year. The amounts charged to cost of sales for FDA user fees are generally paid in the quarter in which the fees are incurred. We paid approximately $3.5 billion and $3.9 billion for the years ended December 31, 2025 and 2024, respectively, in connection with the State Settlement Agreements and FDA user fees, which are primarily paid in the second quarter of each period. The payments due under the terms of the State Settlement Agreements and FDA user fees are subject to adjustment for several factors, including inflation, operating income, market share and volume. The future payment amounts discussed above are estimates, and actual payment amounts will differ to the extent underlying assumptions differ from actual future results. For further discussion on the potential impact of inflation on future payments, see *Operating Results by Business Segment - Business Environment - State Settlement Agreements* above.

Litigation-Related Payments - Litigation is subject to uncertainty, and an adverse outcome or settlement of litigation could have a material adverse effect on our results of operations, cash flows or financial position in a particular fiscal quarter or fiscal year, as more fully disclosed in Note 18, Item 3 and Item 1A.

Other Long-Term Liabilities - We had $0.9 billion of accrued postretirement health care costs on our consolidated balance sheet at December 31, 2025 and estimate approximately $82 million of annual payments. In addition, we had pension obligations, substantially all of which are funded from pension plan assets. For further information on our postretirement health care and pension obligations, see Note 16.

We are unable to estimate the timing of payments of other long-term liabilities included on our consolidated balance sheets at December 31, 2025.

Equity and Dividends

Dividends paid in 2025 and 2024 were approximately $6,960 million and $6,845 million, respectively, an increase of 1.7%, reflecting a higher dividend rate, partially offset by fewer shares outstanding as a result of shares we repurchased under our share repurchase programs.

In the third quarter of 2025, our Board approved a 3.9% increase in the quarterly dividend rate to $1.06 per share of our common stock versus the previous rate of $1.02 per share. Our current annualized dividend rate is $4.24 per share. We have a progressive dividend goal targeting mid-single digits dividend per share growth annually through 2028. Future dividend payments remain subject to the discretion of our Board.

In October 2025, the Board authorized a $1.0 billion expansion of our existing share repurchase program from $1.0 billion to $2.0 billion, which now expires on December 31, 2026. For further discussion of our share repurchase programs, see Note 10. *Capital Stock* and Part II, Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities of this Form 10-K.

Financial Review

Cash Provided by/Used in Operating Activities

During 2025, net cash provided by operating activities was $9.3 billion compared with $8.8 billion during 2024. This increase was due primarily to lower payments for State Settlement Agreements, litigation and excise taxes, and a portion of the NJOY contingent payments in 2024 ($140 million), partially offset by lower net revenues and higher payments for certain transferable income tax credits.

We had a working capital deficit at December 31, 2025 and 2024, and believe we have the ability to fund working capital deficits with cash provided by operating activities, borrowings under our Credit Agreement and access to the credit and capital markets.

Cash Provided by/Used in Investing Activities

During 2025, net cash used in investing activities was $0.3 billion compared with net cash provided by investing activities of $2.2 billion during 2024. This change was due primarily to proceeds from the ABI Transaction in 2024.

Capital expenditures for 2025 increased 52.1% to $216 million, primarily due to investments in our manufacturing capabilities and innovative products. We expect capital expenditures for 2026 to be in the range of $300 million to $375 million, which are expected to be funded from operating cash flows.

Cash Provided by/Used in Financing Activities

During 2025, net cash used in financing activities was $7.6 billion compared with $11.5 billion during 2024. This decrease was due to lower share repurchases, issuances of long-term debt in 2025 and a portion of the NJOY contingent payments in 2024 ($110 million), partially offset by higher repayments of long-term debt and higher dividends paid on our common stock.

New Accounting Guidance Not Yet Adopted

See Note 2 for a discussion of issued accounting guidance applicable to, but not yet adopted by, us.

Contingencies

See Note 18 and Item 3 for a discussion of contingencies.

Supplemental Guarantor Financial Information

PM USA ("Guarantor"), which is a 100% owned subsidiary of Altria Group, Inc. ("Parent"), has guaranteed the Parent's obligations under its outstanding debt securities, borrowings under its Credit Agreement and amounts outstanding under its commercial paper program ("Guarantees"). Pursuant to the Guarantees, the Guarantor fully and unconditionally guarantees, as primary obligor, the payment and performance of the Parent's obligations under the guaranteed debt instruments ("Obligations"), subject to release under certain customary circumstances as noted below.

The Guarantees provide that the Guarantor guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the Obligations. The liability of the Guarantor under the Guarantees is absolute and unconditional irrespective of: any lack of validity, enforceability or genuineness of any provision of any agreement or instrument relating thereto; any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from any agreement or instrument relating thereto; any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Obligations; or any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Parent or the Guarantor.

Under applicable provisions of federal bankruptcy law or comparable provisions of state fraudulent transfer law, the Guarantees could be voided, or claims in respect of the Guarantees could be subordinated to the debts of the Guarantor, if, among other things, the Guarantor, at the time it incurred the Obligations evidenced by the Guarantees:

- received less than reasonably equivalent value or fair consideration therefor; and
- either:
  - was insolvent or rendered insolvent by reason of such occurrence;
  - was engaged in a business or transaction for which the assets of the Guarantor constituted unreasonably small capital; or
  - intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, under such circumstances, the payment of amounts by the Guarantor pursuant to the Guarantees could be voided and required to be returned to the Guarantor, or to a fund for the benefit of the Guarantor, as the case may be.

The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, the Guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the saleable value of its assets, all at a fair valuation;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

To the extent the Guarantees are voided as a fraudulent conveyance or held unenforceable for any other reason, the holders of the guaranteed debt obligations would not have any claim against the Guarantor and would be creditors solely of the Parent.

The obligations of the Guarantor under the Guarantees are limited to the maximum amount as will not result in the Guarantor's obligations under the Guarantees constituting a fraudulent transfer or conveyance, after giving effect to such maximum amount and all other contingent and fixed liabilities of the Guarantor that are relevant under Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to the Guarantees. For this purpose, "Bankruptcy Law" means Title 11, U.S. Code, or any similar federal or state law for the relief of debtors.

The Guarantor will be unconditionally released and discharged from the Obligations upon the earliest to occur of:

- the date, if any, on which the Guarantor consolidates with or merges into the Parent or any successor;
- the date, if any, on which the Parent or any successor consolidates with or merges into the Guarantor;
- the payment in full of the Obligations pertaining to such Guarantees; and
- the rating of the Parent's long-term senior unsecured debt by S&P of A or higher.

The Parent is a holding company; therefore, its access to the operating cash flows of its wholly owned subsidiaries consists of cash received from the payment of dividends and distributions, and the payment of interest on intercompany loans by its subsidiaries. Neither the Guarantor nor other 100% owned subsidiaries of the Parent that are not guarantors of the debt ("Non-Guarantor Subsidiaries") are limited by contractual obligations on their ability to pay cash dividends or make other distributions with respect to their equity interests.

The following tables include summarized financial information for the Parent and the Guarantor. Transactions between the Parent and the Guarantor (including investment and intercompany balances as well as equity earnings) have been eliminated. The Parent's and the Guarantor's intercompany balances with Non-Guarantor Subsidiaries have been presented separately. This summarized financial information is not intended to present the financial position or results of operations of the Parent or the Guarantor in accordance with GAAP.

Summarized Balance Sheets
(in millions of dollars)

	December 31, 2025	
	Parent	Guarantor
Assets		
Due from Non-Guarantor Subsidiaries	$ —	$ 347
Other current assets	4,394	871
Total current assets	$ 4,394	$ 1,218
Due from Non-Guarantor Subsidiaries	$ 6,561	$ —
Other assets	8,394	1,195
Total non-current assets	$ 14,955	$ 1,195
Liabilities		
Due to Non-Guarantor Subsidiaries	$ 3,950	$ 1,140
Other current liabilities	4,329	3,628
Total current liabilities	$ 8,279	$ 4,768
Total non-current liabilities	$ 25,785	$ 607

Summarized Statements of Earnings (Losses)
(in millions of dollars)

	For the Year Ended December 31, 2025	
	Parent [1]	Guarantor [2]
Net revenues	$ —	$ 19,191
Gross profit	—	11,568
Net earnings (losses)	(569)	7,783

[1] For the year ended December 31, 2025, net earnings (losses) include $368 million of intercompany interest income from non-guarantor subsidiaries and $423 million of interest expense from non-guarantor subsidiaries.

[2] For the year ended December 31, 2025, net earnings (losses) include $258 million of intercompany interest income from non-guarantor subsidiaries.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

The fair value of our long-term debt, all of which is fixed-rate debt, is subject to fluctuations resulting primarily from changes in market interest rates. The following table provides the fair value of our long-term debt and the change in fair value based on a 1% increase or decrease in market interest rates at December 31:

(in billions)	2025	2024
Fair value	$ 24.3	$ 22.7
Decrease in fair value from a 1% increase in market interest rates	1.8	1.7
Increase in fair value from a 1% decrease in market interest rates	2.1	2.0

Item 8. Financial Statements and Supplementary Data.

Altria Group, Inc. and Subsidiaries
Consolidated Balance Sheets
(in millions of dollars)

at December 31,		2025		2024
Assets				
Cash and cash equivalents	**$**	**4,474**	$	3,127
Receivables		**263**		177
Inventories:				
Leaf tobacco		**531**		591
Other raw materials		**245**		190
Work in process		**13**		21
Finished product		**281**		278
		1,070		1,080
Other current assets		**125**		129
Total current assets		**5,932**		4,513
Property, plant and equipment, at cost:				
Land and land improvements		**125**		124
Buildings and building equipment		**1,574**		1,552
Machinery and equipment		**2,653**		2,662
Construction in progress		**320**		199
		4,672		4,537
Less accumulated depreciation		**2,962**		2,920
		1,710		1,617
Goodwill		**5,787**		6,945
Other intangible assets, net		**11,876**		12,973
Investments in equity securities		**8,617**		8,195
Other assets		**1,095**		934
Total Assets	**$**	**35,017**	$	35,177

See notes to consolidated financial statements.

Altria Group, Inc. and Subsidiaries
Consolidated Balance Sheets (Continued)
(in millions of dollars, except share and per share data)

at December 31,	2025	2024
Liabilities		
Current portion of long-term debt	**$ 1,569**	$ 1,527
Accounts payable	**750**	700
Accrued liabilities:		
Marketing	**928**	688
Settlement charges	**2,178**	2,354
Other	**1,947**	1,780
Dividends payable	**1,782**	1,732
Total current liabilities	**9,154**	8,781
Long-term debt	**24,140**	23,399
Deferred income taxes	**3,370**	3,749
Accrued pension costs	**122**	136
Accrued postretirement health care costs	**939**	935
Other liabilities	**744**	365
Total liabilities	**38,469**	37,365
Contingencies (Note 18)		
Stockholders' Equity (Deficit)		
Common stock, par value $0.33 1/3 per share (2,805,961,317 shares issued)	**935**	935
Additional paid-in capital	**5,921**	5,905
Earnings reinvested in the business	**35,452**	35,516
Accumulated other comprehensive losses	**(2,627)**	(2,400)
Cost of repurchased stock (1,131,643,020 shares at December 31, 2025 and 1,115,309,450 shares at December 31, 2024)	**(43,183)**	(42,194)
Total stockholders' equity (deficit) attributable to Altria	**(3,502)**	(2,238)
Noncontrolling interest	**50**	50
Total stockholders' equity (deficit)	**(3,452)**	(2,188)
Total Liabilities and Stockholders' Equity (Deficit)	**$ 35,017**	$ 35,177

See notes to consolidated financial statements.

Altria Group, Inc. and Subsidiaries
Consolidated Statements of Earnings
(in millions of dollars, except per share data)

for the years ended December 31,	**2025**	2024	2023
Net revenues	**$ 23,279**	$ 24,018	$ 24,483
Cost of sales	**5,597**	6,077	6,218
Excise taxes on products	**3,140**	3,574	3,981
Gross profit	**14,542**	14,367	14,284
Marketing, administration and research costs	**2,507**	2,737	2,737
Asset impairment and exit costs	**978**	389	—
Impairment of goodwill	**1,158**	—	—
Operating income	**9,899**	11,241	11,547
Interest and other debt expense, net	**1,079**	1,037	989
Net periodic benefit income, excluding service cost	**(59)**	(102)	(127)
(Income) losses from investments in equity securities	**(510)**	(652)	(243)
Gain on the sale of *IQOS* System commercialization rights	**—**	(2,700)	—
Earnings before income taxes	**9,389**	13,658	10,928
Provision for income taxes	**2,442**	2,394	2,798
Net earnings	**$ 6,947**	$ 11,264	$ 8,130
Per share data:			
Basic and diluted earnings per share	**$ 4.12**	$ 6.54	$ 4.57

See notes to consolidated financial statements.

Altria Group, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Earnings
(in millions of dollars)

for the years ended December 31,	2025	2024	2023
Net earnings	$ 6,947	$ 11,264	$ 8,130
Other comprehensive earnings (losses), net of deferred income taxes:			
Benefit plans	(23)	101	(57)
ABI	(199)	177	174
Currency translation adjustments and other	(5)	(5)	(19)
Other comprehensive earnings (losses), net of deferred income taxes	(227)	273	98
Comprehensive earnings	$ 6,720	$ 11,537	$ 8,228

See notes to consolidated financial statements.

Altria Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in millions of dollars)

for the years ended December 31,	2025	2024	2023
Cash Provided by (Used in) Operating Activities			
Net earnings	**$ 6,947**	$ 11,264	$ 8,130
Adjustments to reconcile net earnings to operating cash flows:			
Depreciation and amortization	**266**	286	272
Deferred income tax provision (benefit)	**(316)**	951	(230)
Unrecognized tax benefit [1]	**303**	(1,128)	1,111
Fair value adjustment for NJOY Transaction contingent payments, net of cash paid	**25**	—	—
(Income) losses from investments in equity securities	**(510)**	(652)	(243)
Gain on the sale of *IQOS* System commercialization rights	**—**	(2,700)	—
Dividends from ABI	**208**	139	163
Impairment of goodwill	**1,158**	—	—
Asset impairment and exit costs, net of cash paid	**960**	389	—
Cash effects of changes: [2]			
Receivables	**(86)**	(106)	6
Inventories	**(27)**	102	(15)
Accounts payable	**34**	116	38
Income taxes	**690**	798	6
Accrued liabilities and other current assets	**(359)**	(550)	280
Accrued settlement charges	**(176)**	(209)	(362)
Pension plan contributions	**(16)**	(18)	(20)
Pension and postretirement, net	**(78)**	(107)	(136)
Other, net	**267**	178	287
Net cash provided by (used in) operating activities	**9,290**	8,753	9,287
Cash Provided by (Used in) Investing Activities			
Capital expenditures	**(216)**	(142)	(196)
Proceeds from the ABI Transaction [3]	**—**	2,353	—
Proceeds from the sale of *IQOS* System commercialization rights	**—**	—	1,700
Acquisition of NJOY, net of cash acquired	**—**	—	(2,751)
Other, net	**(125)**	(36)	(36)
Net cash provided by (used in) investing activities	**(341)**	2,175	(1,283)

[1] Substantially all of the 2025 amount relates to unrecognized tax benefits from the change in the application of foreign attribution rules relevant to our investment in ABI. Substantially all of the 2024 and 2023 amounts relate to an unrecognized tax benefit from the ordinary loss for cash tax purposes with respect to a portion of our tax basis associated with our former investment in JUUL, partially offset by our estimated corporate alternative minimum tax credit carryforward. See Note 14. *Income Taxes*.

[2] 2023 amounts are net of the effects from the NJOY Transaction. See Note 3. *Acquisition of NJOY*.

[3] See Note 6. *Investments in Equity Securities*.

See notes to consolidated financial statements.

Altria Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
(in millions of dollars)

for the years ended December 31,	2025	2024	2023
Cash Provided by (Used in) Financing Activities			
Proceeds from short-term borrowings	**$ —**	$ —	$ 2,000
Repayment of short-term borrowings	**—**	—	(2,000)
Long-term debt issued	**1,992**	—	998
Long-term debt repaid	**(1,607)**	(1,121)	(1,566)
Repurchases of common stock	**(1,000)**	(3,400)	(1,000)
Dividends paid on common stock	**(6,960)**	(6,845)	(6,779)
Other, net	**(40)**	(125)	(27)
Net cash provided by (used in) financing activities	**(7,615)**	(11,491)	(8,374)
Cash, cash equivalents and restricted cash:			
Increase (decrease)	**1,334**	(563)	(370)
Balance at beginning of year	**3,158**	3,721	4,091
Balance at end of year	**$ 4,492**	$ 3,158	$ 3,721
Supplemental cash flow information:			
Cash paid:			
Interest	**$ 1,114**	$ 1,113	$ 1,116
Income taxes, net of refunds [1]	**$ 1,695**	$ 1,709	$ 1,874

The following table provides a reconciliation of cash, cash equivalents and restricted cash [2] to the amounts reported on our consolidated balance sheets:

at December 31,	2025	2024	2023
Cash and cash equivalents	**$ 4,474**	$ 3,127	$ 3,686
Restricted cash included in other current assets	**7**	8	5
Restricted cash included in other assets	**11**	23	30
Cash, cash equivalents and restricted cash	**$ 4,492**	$ 3,158	$ 3,721

[1] As discussed in Note 1. *Background and Basis of Presentation*, we adopted ASU No. 2023-09. As a result, 2024 and 2023 amounts are now presented net of refunds. Additionally, for the years ended December 31, 2025, 2024 and 2023, income taxes paid, net of refunds were reduced by the impact of transferable income tax credits. At December 31, 2025, 2024 and 2023, transferable income tax credits totaled $419 million, $445 million and $335 million, respectively, and are included in other accrued liabilities on our consolidated balance sheets.

[2] Restricted cash consisted of cash deposits collateralizing appeal bonds posted by PM USA to obtain stays of judgments pending appeals. See Note 18. *Contingencies*.

See notes to consolidated financial statements.

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Altria Group, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity (Deficit)
(in millions of dollars, except per share data)

	Attributable to Altria						
	Common Stock	Additional Paid-in Capital	Earnings Reinvested in the Business	Accumulated Other Comprehensive Losses	Cost of Repurchased Stock	Non-controlling Interest (1)	Total Stockholders' Equity (Deficit)
Balances, December 31, 2022	$ 935	$ 5,887	$ 29,792	$ (2,771)	$ (37,816)	$ 50	$ (3,923)
Net earnings	—	—	8,130	—	—	—	8,130
Other comprehensive earnings (losses), net of deferred income taxes	—	—	—	98	—	—	98
Stock award activity	—	19	—	—	22	—	41
Cash dividends declared ($3.84 per share)	—	—	(6,828)	—	—	—	(6,828)
Repurchases of common stock	—	—	—	—	(1,000)	—	(1,000)
Other	—	—	—	—	(8)	—	(8)
Balances, December 31, 2023	935	5,906	31,094	(2,673)	(38,802)	50	(3,490)
Net earnings	—	—	11,264	—	—	—	11,264
Other comprehensive earnings (losses), net of deferred income taxes	—	—	—	273	—	—	273
Stock award activity	—	17	—	—	24	—	41
Cash dividends declared ($4.00 per share)	—	—	(6,842)	—	—	—	(6,842)
Repurchases of common stock	—	(18)	—	—	(3,382)	—	(3,400)
Other	—	—	—	—	(34)	—	(34)
Balances, December 31, 2024	935	5,905	35,516	(2,400)	(42,194)	50	(2,188)
Net earnings	**—**	**—**	**6,947**	**—**	**—**	**—**	**6,947**
Other comprehensive earnings (losses), net of deferred income taxes	**—**	**—**	**—**	**(227)**	**—**	**—**	**(227)**
Stock award activity	**—**	**16**	**—**	**—**	**20**	**—**	**36**
Cash dividends declared ($4.16 per share)	**—**	**—**	**(7,011)**	**—**	**—**	**—**	**(7,011)**
Repurchases of common stock	**—**	**—**	**—**	**—**	**(1,000)**	**—**	**(1,000)**
Other	**—**	**—**	**—**	**—**	**(9)**	**—**	**(9)**
Balances, December 31, 2025	**$ 935**	**$ 5,921**	**$ 35,452**	**$ (2,627)**	**$ (43,183)**	**$ 50**	**$ (3,452)**

(1) Represents the non-cash contribution made by JTIUH to Horizon. See Note 1. *Background and Basis of Presentation*.

See notes to consolidated financial statements.

Altria Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Background and Basis of Presentation

When used in these notes, the terms "Altria," "we," "us" and "our" refer to either (i) Altria Group, Inc. and its consolidated subsidiaries or (ii) Altria Group, Inc. only and not its consolidated subsidiaries, as appropriate in the context.

▪ **Background:** At December 31, 2025, our wholly owned subsidiaries included Philip Morris USA Inc. ("PM USA"), which is engaged in the manufacture and sale of cigarettes; John Middleton Co. ("Middleton"), which is engaged in the manufacture and sale of machine-made large cigars and is a wholly owned subsidiary of PM USA; UST LLC ("UST"), which, through its wholly owned subsidiary U.S. Smokeless Tobacco Company LLC ("USSTC"), is engaged in the manufacture and sale of moist smokeless tobacco ("MST") products; Helix Innovations LLC ("Helix") and its foreign affiliates ("Helix International"), which are engaged in the manufacture and sale of oral nicotine pouches; and NJOY, LLC ("NJOY"), which is engaged in the manufacture and sale of e-vapor products. We operate primarily within the United States and generate substantially all of our revenue from domestic customers. Other wholly owned subsidiaries included Altria Group Distribution Company ("AGDC"), which provides domestic sales and distribution services to our operating companies, and Altria Client Services LLC ("ALCS"), which provides various support services to our companies in areas such as legal, regulatory, research and product development, consumer engagement, finance, human resources and external affairs. Our access to the operating cash flows of our subsidiaries consists of cash received from the payment of dividends and distributions, and the payment of interest on intercompany loans. At December 31, 2025, our significant subsidiaries were not limited by contractual obligations in their ability to pay cash dividends or make other distributions with respect to their equity interests.

At December 31, 2025, we owned a 75% economic interest in Horizon Innovations LLC ("Horizon"), a joint venture with JTI (US) Holding, Inc. ("JTIUH"), a subsidiary of Japan Tobacco Inc., which owned the remaining 25% economic interest. Horizon is responsible for the U.S. marketing and commercialization of heated tobacco stick products owned by either party. At December 31, 2025, Horizon had no products in the U.S. marketplace.

At December 31, 2025, we had investments in Anheuser-Busch InBev SA/NV ("ABI") and Cronos Group Inc. ("Cronos"). For further discussion of our investments, see Note 6. *Investments in Equity Securities*.

▪ **Basis of Presentation:** Our consolidated financial statements include Altria, as well as our wholly owned and majority-owned subsidiaries. We account for our investments in equity securities in which we have the ability to exercise significant influence over the operating and financial policies of the investee, including ABI and Cronos, under the equity method of accounting using a one-quarter lag. All intercompany transactions and balances have been eliminated.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the dates of our financial statements and the reported amounts of net revenues and expenses during the reporting periods. Significant estimates and assumptions include, among other things, pension and benefit plan assumptions, lives and valuation assumptions for goodwill and other intangible assets, investments in equity securities, marketing programs and income taxes. Actual results could differ from those estimates.

Certain immaterial prior year amounts have been reclassified to conform with the current year's presentation.

In connection with the preparation of our annual financial statements for the year ended December 31, 2025, we adopted Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU No. 2023-09"). This guidance requires additional income tax disclosures, primarily related to the rate reconciliation and income taxes paid information, on an annual basis. We included expanded footnote disclosures, presented retrospectively, as a result of the adoption of ASU No. 2023-09 in Note 14. *Income Taxes.*

Note 2. Summary of Significant Accounting Policies

▪ **Cash and Cash Equivalents:** Cash equivalents include demand deposits with banks and all highly liquid investments with original maturities of three months or less. We record cash equivalents at cost plus accrued interest, which approximates fair value.

▪ **Depreciation, Amortization and Impairment Testing:** Property, plant and equipment are stated at historical costs and depreciated by the straight-line method over the estimated useful lives of the assets. We depreciate machinery and equipment over periods up to 20 years, and buildings and building improvements over periods up to 50 years. We amortize definite-lived intangible assets over their estimated useful lives.

We review long-lived assets, including definite-lived intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be fully recoverable. We perform undiscounted operating cash flow analyses to determine if an impairment exists. For purposes of recognition and measurement of an impairment for assets held for use, we group assets and liabilities at the lowest level for which cash flows are separately identifiable. If we determine that an impairment exists, any related impairment loss is calculated based on fair value. We base impairment losses on assets to be disposed of, if any, on the estimated proceeds to be received, less costs of disposal. We also review the estimated remaining useful lives of long-lived assets whenever events or changes in business circumstances indicate the lives may have changed.

We conduct a required annual review of goodwill and indefinite-lived intangible assets for potential impairment as of October 1 of each year, and more frequently if an event occurs or circumstances change that would require us to perform an interim review. We have the option of first performing a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit or indefinite-lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative impairment test. If necessary, we will perform a single step quantitative impairment test. Additionally, we have the option to unconditionally bypass the qualitative assessment and perform a single step quantitative assessment. If the carrying value of a reporting unit that includes goodwill exceeds its fair value, which is determined using discounted cash flows, goodwill is considered impaired. We measure the amount of impairment loss as the difference between the carrying value and the fair value of a reporting unit; however, the amount of the impairment loss is limited to the total amount of goodwill allocated to a reporting unit. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, which is determined using discounted cash flows, we consider the intangible asset impaired and reduce the carrying value to fair value in the period identified.

▪ **Derivative Financial Instruments:** We record derivative financial instruments at fair value on the consolidated balance sheets as either assets or liabilities. For derivative financial instruments designated as net investment hedges, we record changes in the fair value of the derivative or foreign currency transaction gains or losses on a nonderivative hedging instrument in accumulated other comprehensive earnings (losses) to offset the change in the value of the net investment being hedged. Such amounts remain in accumulated other comprehensive earnings (losses) until the complete or substantially complete liquidation of the underlying foreign operations occurs for investments in foreign entities accounted for under the equity method of accounting. We classify cash flows from hedging instruments in the same manner as the respective hedged item in the consolidated statements of cash flows.

To qualify for hedge accounting, the hedging relationship, both at inception of the hedge and on an ongoing basis, is expected to be highly effective at offsetting changes in the fair value of the hedged risk during the period that the hedge is designated. For qualified hedges of forecasted transactions, if it becomes probable that a forecasted transaction will not occur, we would no longer consider the hedge effective and would record all of the derivative gains and losses in the consolidated statement of earnings in the current period.

For financial instruments that are not designated as hedging instruments or do not qualify for hedge accounting, we record changes in fair value in the consolidated statement of earnings each period.

▪ **Employee Benefit Plans:** We provide a range of benefits to certain employees and retired employees, including pension, postretirement health care and postemployment benefits. We record annual amounts relating to these plans based on calculations specified by GAAP, which include various actuarial assumptions as to discount rates, assumed rates of return on plan assets, mortality, compensation increases, turnover rates and health care cost trend rates.

We recognize the funded status of our defined benefit plans on the consolidated balance sheets. We record unrecognized gains and losses and prior service costs and credits in other comprehensive income (loss), net of deferred tax, and subsequently amortize these items into net periodic benefit cost (income) over future periods.

▪ **Fair Value Measurements:** We measure certain assets and liabilities at fair value. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We use an established fair value hierarchy that uses three levels of inputs to measure fair value as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

▪ **Guarantees:** We recognize a liability for the fair value of the obligation of qualifying guarantee activities. See Note 18. *Contingencies - Guarantees and Other Similar Matters* for a further discussion of guarantees.

▪ **Income Taxes:** Significant judgment is required in determining income tax provisions and in evaluating tax positions.

We determine deferred tax assets and liabilities based on the difference between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. We record a valuation allowance when we have determined that it is more likely than not that some portion or all of a deferred tax asset will not be realized. In assessing realizability, we consider the weight of all available positive and negative evidence, including the character of the assets and the possible sources of taxable income of the appropriate character within the applicable carryback and carryforward periods available under the tax law.

We recognize the financial statement benefit for uncertain income tax positions in our consolidated financial statements when we have determined that it is more likely than not, based on the technical merits, that the position will be sustained upon examination by taxing authorities. The recognized amount is the largest benefit that is more than 50% likely to be realized upon ultimate settlement. We do not recognize positions that do not meet this threshold in the financial statements. We included interest and penalties related to uncertain tax positions in the provision for income taxes in our consolidated statements of earnings. We disclose worldwide changes in unrecognized tax benefits, for the current year and prior years, within the same line in our income tax rate reconciliation.

- **Inventories:** We use the last-in, first-out ("LIFO") method to determine the cost of the majority of our inventories, with the remainder valued using the first-in, first-out ("FIFO") and average cost methods. We state inventories under LIFO at the lower of cost or market, while we state inventories under FIFO and average cost at the lower of cost and net realizable value. It is a generally recognized industry practice to classify leaf tobacco inventories as a current asset although part of such inventories, because of the duration of the curing and aging process, ordinarily would not be used within one year. We determined the cost of approximately 76% and 77% of our inventories at December 31, 2025 and 2024, respectively, using the LIFO method. The recorded LIFO amounts of our inventories were approximately $0.7 billion lower than the current cost of our inventories at December 31, 2025 and 2024.

- **Investments in Equity Securities:** Investments in equity securities in which we have the ability to exercise significant influence over the operating and financial policies of the investee are accounted for under the equity method of accounting or the fair value option. The election of the fair value option is irrevocable and is made on an investment by investment basis. We account for our investments in ABI and Cronos under the equity method of accounting. Our share of equity (income) losses and other adjustments associated with these investments are included in (income) losses from investments in equity securities in our consolidated statements of earnings. We report the carrying value for each of our investments in ABI and Cronos in investments in equity securities on our consolidated balance sheets. We report equity method investments accounted for under the equity method of accounting at cost and adjust these investments each period for our share of (income) losses and dividends paid, if any. We report our share of ABI's and Cronos's results using a one-quarter lag because results are not available in time for us to record them in the concurrent period. At the end of each reporting period, we review our investments accounted for under the equity method of accounting for impairment by comparing the fair value of each of our investments to their carrying value. If the carrying value of an investment exceeds its fair value and we determine that the loss in value is other than temporary, we consider the investment impaired, reduce its carrying value to its fair value and record the impairment in our consolidated statements of earnings in the period identified. We use certain factors to make this determination including (i) the duration and magnitude of the fair value decline, (ii) the financial condition and near-term prospects of the investee and (iii) our intent and ability to hold our investment until recovery to its carrying value.

- **Litigation Contingencies and Costs:** We record provisions in our consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. We expense litigation defense costs as incurred and include these costs in marketing, administration and research costs in our consolidated statements of earnings. See Note 18. *Contingencies*.

- **Marketing Costs:** We promote our products with consumer incentives, trade promotions and consumer engagement programs. These consumer incentive and trade promotion activities, which include discounts, coupons, rebates, in-store display incentives and volume-based incentives, do not create a distinct deliverable and are, therefore, recorded as a reduction of revenues. We expense payments to third parties for consumer engagement programs, which include event marketing, as incurred, and include such expenses in marketing, administration and research costs in our consolidated statements of earnings. For interim reporting purposes, we charge consumer engagement programs and certain consumer incentive expenses as part of results of operations as a percentage of sales, based on estimated sales and related expenses for the full year.

- **Revenue Recognition:** We generate substantially all of our revenue from sales contracts with customers. As presented in Note 15. *Segment Reporting*, we disaggregate net revenues based on product type. While we enter into separate sales contracts with each customer for each product type, all sales contracts have a similar structure and create an obligation to transfer product to the customer. Our businesses satisfy all performance obligations within one year; therefore, we expense costs to obtain contracts as incurred and do not disclose unsatisfied performance obligations. There is no financing component because our businesses expect, at contract inception, that the period between when our businesses transfer product to the customer and when the customer pays for that product will be one year or less.

We define net revenues as revenues, which include excise taxes and shipping and handling charges billed to customers, net of cash discounts for prompt payment, sales returns (also referred to as returned goods) and sales incentives. We exclude from the transaction price sales taxes and value-added taxes imposed at the time of sale.

Substantially all cash discounts in contracts with our customers are based on a percentage of the list price according to agreed-upon payment terms. We record receivables net of the cash discounts on our consolidated balance sheets. At December 31, 2025, 2024 and 2023, receivables were $263 million, $177 million and $71 million, respectively.

We recognize revenues from sales contracts with customers when control of such product is obtained by the customer, which primarily occurs upon shipment of goods. We determine that a customer obtains control of the product upon shipment when title of such product and risk of loss transfers to the customer. We account for shipping and handling costs as fulfillment costs and such amounts are classified as part of cost of sales in our consolidated statements of earnings.

We record sales incentives, which consist of consumer incentives and trade promotion activities, as a reduction to revenues (a portion of which is based on amounts estimated as being due to wholesalers, retailers and consumers at the end of a period) based principally on historical volume, utilization and redemption rates. Actual payments will differ from estimated payments to the extent actual results differ from estimated assumptions. We reflect differences between actual and estimated payments in the period in which actual payments become known. We include expected payments for sales incentives in accrued marketing liabilities on our consolidated balance sheets.

Sales incentives include variable payments related to goods sold by our businesses. We include estimates of variable consideration as a reduction to revenues upon shipment of goods to customers. The sales incentives that require significant estimates and judgments are as follows:

- *Price promotion payments* - We make price promotion payments, substantially all of which are made to retailers to incent the promotion of certain product offerings in select geographic areas.
- *Wholesale and retail participation payments* - We make payments to wholesale customers and retailers to incent merchandising and sharing of sales data in accordance with our trade agreements.

We record an allowance for returned goods, which we include in other accrued liabilities on our consolidated balance sheets. We record estimated sales returns, which are based principally on historical volume and return rates, as a reduction to revenues. Actual sales returns will differ from estimated sales returns to the extent actual results differ from estimated assumptions. We reflect differences between actual and estimated sales returns in the period in which the actual amounts become known. These differences, if any, have not had a material impact on our consolidated financial statements.

Payment terms vary depending on product type. PM USA primarily receives payments in advance of a customer obtaining control of the product. USSTC and Helix receive primarily all payments within one business day of a customer obtaining control of the product. When we receive cash in advance of product shipment, our businesses typically satisfy their performance obligations within three days of receiving payment. We consider payments received in advance of product shipment as deferred revenue, which we include in other current liabilities on our consolidated balance sheets until revenue is recognized. At December 31, 2025, 2024 and 2023, deferred revenue was $231 million, $215 million and $258 million, respectively. At December 31, 2025, 2024 and 2023, there were no differences between amounts recorded as deferred revenue from contracts with customers and amounts subsequently recognized as revenue.

- **Supplier Financing:** We facilitate a voluntary supplier financing program through a third-party intermediary under which participating suppliers may elect to sell receivables due from us to a third-party financial institution at the sole discretion of both suppliers and the financial institutions. Our payments are made on the terms originally negotiated with the supplier, up to 120 days, and we have no economic interest in a supplier's sale of a receivable. Under our agreement with the third-party intermediary, ALCS is obligated to pay either the participating financial institutions or suppliers when payment is due, unless it has been satisfied by the applicable ALCS affiliate. Altria guarantees ALCS's obligations under this arrangement.

We recorded all outstanding balances under the supplier financing program in accounts payable on our consolidated balance sheets, and we included the associated payments in operating activities within our consolidated statements of cash flows.

A reconciliation of the beginning and ending confirmed outstanding obligations was as follows:

	For the Years Ended December 31,	
(in millions)	**2025**	**2024**
Confirmed outstanding obligations at January 1	**$ 128**	$ 119
Invoices confirmed during the year	**695**	563
Confirmed invoices paid during the year	**(664)**	(554)
Confirmed outstanding obligations at December 31	**$ 159**	$ 128

▪ **New Accounting Guidance Not Yet Adopted:** The following table provides a description of issued accounting guidance applicable to, but not yet adopted by, us:

Standards	Description	Effective Date for Public Entity	Effect on Financial Statements
ASU Nos. 2024-03 and 2025-01 *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*	The guidance will require additional disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses.	The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027.	We are in the process of evaluating the impact of this guidance on our disclosures.
ASU No. 2025-05 *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*	The guidance provides a practical expedient for the calculation of current expected credit losses on current accounts receivable and current contract assets that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset.	The guidance is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years.	We do not expect our adoption of this guidance will have a material impact on our consolidated financial statements and related disclosures.
ASU No. 2025-06 *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*	The guidance replaces the current framework that is based on software development project stages with updated criteria, focused on management's authorization and the probability of project completion, to determine the timing for cost capitalization.	The guidance is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years.	We are in the process of evaluating the impact of this guidance on our consolidated financial statements and related disclosures.
ASU No. 2025-07 *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*	The guidance refines the scope of Topic 815 by excluding from derivative accounting non-exchange trading contracts that have underlyings based on operations or activities specific to one of the parties to the contract with certain exceptions and clarifies the applicability of Topic 606 to share-based noncash consideration received from a customer in exchange for goods or services.	The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years.	We are in the process of evaluating the impact of this guidance on our consolidated financial statements and related disclosures.
ASU No. 2025-09 *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*	The guidance includes expanding eligibility for cash flow hedges of groups of forecasted transactions, introducing a model for hedging forecasted interest payments on "choose-your-rate" debt instruments, permitting designation of variable price components in forecasted purchases or sales of nonfinancial assets and clarifying guidance for net investment hedges and dual hedge strategies.	The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years.	We are in the process of evaluating the impact of this guidance on our consolidated financial statements and related disclosures.
ASU No. 2025-11 *Interim Reporting (Topic 270): Narrow-Scope Improvements*	The guidance clarifies interim disclosure requirements, provides a comprehensive list of disclosures required by GAAP and includes a disclosure principle for events since the last annual reporting period to enhance consistency in interim reporting.	The guidance is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027.	We are in the process of evaluating the impact of this guidance on our interim condensed consolidated financial statements and related disclosures.
ASU No. 2025-12 *Codification Improvements*	The guidance provides changes that clarify, correct errors or make minor improvements to GAAP.	The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years.	We are in the process of evaluating the impact of this guidance on our consolidated financial statements and related disclosures.

Note 3. Acquisition of NJOY

In June 2023, we acquired NJOY Holdings ("NJOY Transaction"), which provided us with full global ownership of NJOY's e-vapor product portfolio, including *NJOY ACE*. The total consideration for the NJOY Transaction of approximately $2.9 billion consisted of approximately $2.75 billion in cash payments (net of cash acquired) plus the fair value of up to $500 million in additional contingent payments. The fair value of these contingent payments on the acquisition date was approximately $130 million, which was included in the total consideration. For additional information on contingent payments, see Note 7. *Financial Instruments*. We funded the initial NJOY Transaction cash payments at closing through a combination of borrowings under a $2.0 billion term loan facility, the issuance of commercial paper and available cash. In July 2023, we repaid the term loan facility in full, at which time the term loan facility terminated in accordance with its terms.

We accounted for the NJOY Transaction as a business combination. The final purchase price allocation to the assets acquired and liabilities assumed in the NJOY Transaction as of the acquisition date was as follows:

(in millions)		Final Purchase Price Allocation
Cash and cash equivalents	$	22
Receivables		7
Inventories		19
Other assets		7
Property, plant and equipment		16
Other intangible assets:		
Developed technology (amortizable)		1,000
Trademarks (amortizable)		190
Accounts payable		(7)
Accrued liabilities		(20)
Deferred income taxes		(101)
Total identifiable net assets		1,133
Total consideration		2,901
Goodwill	$	1,768

The excess of the total consideration over the identifiable net assets acquired in the NJOY Transaction primarily reflected the value of future growth opportunities in the e-vapor category. None of the goodwill or other intangible assets is deductible for tax purposes.

The significant assumptions used in determining the fair values of the identifiable intangible assets included volume growth rates, operating margins, the assessment of acquired technology life cycles and discount rates. We determined the fair values of the identifiable intangible assets using an income approach. The fair value measurements were primarily based on significant inputs that are not observable in the market, such as discounted cash flow analyses, and thus were classified in Level 3 of the fair value hierarchy. As of the acquisition date, the estimated weighted-average useful life of these intangible assets was approximately 18 years.

Note 4. Goodwill and Other Intangible Assets, net

Goodwill and other intangible assets, net, were as follows at December 31:

	2025				2024			
(in millions)		Goodwill		Other Intangible Assets, net		Goodwill		Other Intangible Assets, net
Smokeable products segment	$	99	$	2,909	$	99	$	2,936
Oral tobacco products segment		5,078		8,646		5,078		8,679
E-vapor products segment [(1)]		610		74		1,768		1,099
Other		—		247		—		259
Total	$	5,787	$	11,876	$	6,945	$	12,973

[(1)] Comprised primarily of e-vapor reporting unit goodwill and definite-lived intangible assets related to the NJOY Transaction. See Note 3. *Acquisition of NJOY* and Note 15. *Segment Reporting*.

Other intangible assets consisted of the following at December 31:

	2025				2024			
(in millions)		Gross Carrying Amount		Accumulated Amortization		Gross Carrying Amount		Accumulated Amortization
Indefinite-lived intangible assets	$	11,089	$	—	$	11,089	$	—
Definite-lived intangible assets		1,656		869		2,621		737
Total other intangible assets	$	12,745	$	869	$	13,710	$	737

At December 31, 2025, substantially all of our indefinite-lived intangible assets consisted of (i) MST trademarks of $8.5 billion, which consists of *Copenhagen*, *Skoal* and other MST trademarks of $4.0 billion, $3.6 billion and $0.9 billion, respectively, from our 2009 acquisition of UST, and (ii) cigar trademarks of $2.6 billion from our 2007 acquisition of Middleton. Definite-lived intangible assets, which consist primarily of intellectual property, certain cigarette trademarks and customer relationships, are amortized over a weighted-average period of approximately 19 years. Pre-tax amortization expense for definite-lived intangible assets during the years ended December 31, 2025, 2024 and 2023 was $132 million, $139 million and $128 million, respectively. We estimate our annual amortization expense for each of the next five years to be approximately $90 million or less, which includes the impact of an impairment of the e-vapor definite-lived intangible assets discussed below, assuming no additional transactions occur that require the amortization of intangible assets.

In April 2024, we assigned the exclusive U.S. commercialization rights to the *IQOS Tobacco Heating System* ("*IQOS* System") to Philip Morris International Inc. ("PMI") pursuant to the terms of a purchase agreement entered into with PMI in October 2022 (*"IQOS* Transaction"). In exchange for the assignment of the U.S. commercialization rights to the *IQOS* System, we received total cash payments of approximately $2.8 billion ($1.0 billion in 2022 and $1.8 billion, including interest, in 2023), $2.7 billion of which was classified as a deferred gain on our consolidated balance sheet at December 31, 2023. Upon the assignment of the U.S. commercialization rights to the *IQOS* System, we recorded a pre-tax gain of $2.7 billion for the year ended December 31, 2024 in our consolidated statement of earnings.

The changes in goodwill and net carrying amount of intangible assets were as follows:

	2025		2024	
(in millions)	**Goodwill**	**Other Intangible Assets, net**	**Goodwill**	**Other Intangible Assets, net**
Balance at January 1	**$ 6,945**	**$ 12,973**	$ 6,791	$ 13,686
Changes due to:				
Acquisitions [1]	**—**	**5**	154	(220)
Impairments [2]	**(1,158)**	**(970)**	—	(354)
Amortization	**—**	**(132)**	—	(139)
Balance at December 31	**$ 5,787**	**$ 11,876**	$ 6,945	$ 12,973

[1] The 2024 amounts represent the measurement period adjustments related to the NJOY Transaction.

[2] The 2025 amounts represent non-cash impairments of our e-vapor reporting unit goodwill and a non-cash, pre-tax impairment of our e-vapor definite-lived intangible assets. The 2024 amount represents a non-cash, pre-tax impairment of the *Skoal* trademark.

We performed our annual impairment test of goodwill and indefinite-lived intangible assets as of October 1, 2025, inclusive of the e-vapor reporting unit goodwill and the *Skoal* trademark. The impairment test resulted in a non-cash goodwill impairment charge of $285 million for the e-vapor reporting unit in the fourth quarter of 2025 (see *E-vapor Reporting Unit Goodwill & Definite-Lived Intangible Assets Impairments (2025)* below). The estimated fair value of the *Skoal* trademark exceeded its carrying value by approximately 7% ($0.3 billion). A hypothetical 1% increase in the discount rate used to estimate the fair value of the *Skoal* trademark would have resulted in an impairment charge of approximately $90 million in 2025. See *Skoal Trademark Impairment (2024)* below for details on the *Skoal* trademark impairment recorded in the second quarter of 2024.

During 2024 and 2023, our annual impairment test of goodwill and indefinite-lived intangible assets resulted in no impairment charges.

At December 31, 2025, accumulated impairment losses related to goodwill were $1,158 million, all related to the e-vapor reporting unit in the e-vapor products segment, as discussed below. There were no accumulated goodwill impairment losses at December 31, 2024.

We use an income approach to estimate the fair values of our reporting units and trademarks, discounting expected future cash flows at a rate of return reflecting the risk-free rate for the use of those funds, the expected rate of inflation and risks associated with realizing expected future cash flows. The discounted cash flows may include multiple scenarios that consider a range of potential outcomes in projected cash flows.

In determining the estimated fair values of our reporting units and indefinite-lived intangible assets in 2025, 2024 and 2023, we made various judgments, estimates and assumptions, the most significant of which were volume, price, revenue, income, operating margins, perpetual growth rates, discount rates and scenario weightings, as applicable. All significant inputs are classified as Level 3 in the fair value hierarchy.

E-vapor Reporting Unit Goodwill & Definite-Lived Intangible Assets Impairments (2025)

At December 31, 2024, the carrying value of the e-vapor reporting unit definite-lived intangible assets was $1,099 million, and the e-vapor reporting unit goodwill was $1,768 million. The estimated fair value of the e-vapor reporting unit goodwill exceeded its carrying value by approximately 28% ($0.3 billion). As further discussed in Note 18. *Contingencies*, Altria and certain of our affiliates, including NJOY, are defendants in lawsuits alleging patent infringement based on the sale of *NJOY ACE* in the United States. In January 2025, the U.S. International Trade Commission ("ITC") issued an exclusion order and cease-and-desist orders prohibiting the importation and sale of *NJOY ACE* in the United States, which became effective on March 31, 2025. As a result, in connection with the preparation of our financial statements for the period ended March 31, 2025, we concluded a triggering event had occurred and performed an interim impairment assessment. As a result, we recorded a non-cash goodwill impairment of $873 million during the first quarter of 2025, which is recognized in our consolidated statement of earnings for the year ended December 31, 2025. This impairment was due primarily to (i) lower projected volume and revenue due to *NJOY ACE*'s removal from the U.S. market and (ii) higher projected costs associated with the commercialization of NJOY's future e-vapor product portfolio, resulting in lower projected operating margins. As of March 31, 2025, after recording the impairment, the carrying value of goodwill within the e-vapor reporting unit was $895 million.

As a result of the ITC orders, in connection with the preparation of our financial statements for the period ended March 31, 2025, we also reviewed the definite-lived intangible assets in the e-vapor reporting unit for impairment and concluded the carrying value was recoverable and no impairment existed.

During the fourth quarter of 2025, in connection with the preparation of our financial statements for the year ended December 31, 2025, we evaluated the current enforcement environment against illicit flavored disposable e-vapor products and deemed any effective enforcement would likely occur gradually over a longer period of time, and as a primary consequence we determined that the long-lived assets in the e-vapor reporting unit may not be fully recoverable. As a result, we first performed a recoverability test of the e-vapor definite-lived intangible assets. We determined that the asset group was not recoverable because the estimated undiscounted cash flows, including an assumed terminal-year EBITDA multiple, were less than its carrying value. Second, we measured the impairment loss by comparing the carrying value of the definite-lived intangible assets, consisting of developed technology and trademarks, to their estimated fair values. These fair values were determined using an income approach, specifically the relief from royalty method, which estimates the value of an intangible asset by calculating the present value of the hypothetical royalty payments a company avoids by owning the asset rather than licensing it from a third party. In performing this analysis, we made various judgments, estimates and assumptions, the most significant of which were volume, price, revenue, income, operating margins, scenario weightings, discount rates, royalty rates, obsolescence rates and economic lives. As a result, we recorded a non-cash, pre-tax impairment of these assets of $970 million, which we recorded in our consolidated statement of earnings for the year ended December 31, 2025. Following the impairment charges of the e-vapor definite-lived intangible assets recognized, the carrying value of these assets as of December 31, 2025, totaled $60 million, which approximated fair value.

Following the impairment of these e-vapor definite-lived intangible assets, we performed our annual impairment test of goodwill, utilizing the revised carrying amount of the e-vapor reporting unit after reflecting the e-vapor definite-lived intangible assets impairment charges. Our test indicated that the estimated fair value of the e-vapor reporting unit was below its carrying value, resulting in a non-cash goodwill impairment of $285 million, which we recorded in our consolidated statement of earnings for the year ended December 31, 2025. The impairments of the e-vapor definite-lived intangible assets and the e-vapor reporting unit goodwill were due primarily to lower projected volume and revenue as a result of the impact of estimates regarding protracted ineffective enforcement against illicit flavored disposable e-vapor products. After this e-vapor goodwill impairment charge, the carrying value of e-vapor goodwill as of December 31, 2025 was $610 million. In addition, the carrying value of the e-vapor reporting unit's net assets (including the effect of intercompany debt), which was negative, approximated its estimated fair value.

As a result of the goodwill impairments recognized in the first and the fourth quarters of 2025, the total non-cash goodwill impairment recognized in our consolidated statement of earnings for the year ended December 31, 2025, was $1,158 million.

At December 31, 2025 and March 31, 2025, we used an income approach to estimate the fair value of the e-vapor reporting unit. Due to the uncertainties discussed below, our cash flows were based on a range of scenarios that consider certain potential regulatory and market outcomes, including the projected impact of enforcement on illicit flavored disposable e-vapor products. In performing the discounted cash flow analyses, we made various judgments, estimates and assumptions, the most significant of which were volume, price, revenue, income, operating margins, scenario weightings, perpetual growth rate and discount rates. The discount rates used in performing the valuations ranged from 9.5% to 13.5% and 12.0% to 15.0% at October 1, 2025 and March 31, 2025, respectively.

Additionally, in determining these significant assumptions, we made judgments regarding our expectations for the future state of the e-vapor category and NJOY's business, including the (i) timing and extent of effective enforcement against illicit flavored disposable e-vapor products; (ii) timing and likelihood of regulatory authorizations of e-vapor products, including of NJOY's products; (iii) timing of the commercialization of NJOY e-vapor products in the United States; (iv) long-term growth of the e-vapor category; and (v) conversion rates of illicit flavored disposable e-vapor consumers to lawful e-vapor products and, specifically, NJOY's e-vapor products. Fair value calculations are sensitive to changes in these estimates and assumptions, some of which relate to broader macroeconomic conditions and governmental actions outside of our control.

Although our discounted cash flow analyses are based on assumptions that we consider reasonable using the best available information as of December 31, 2025, we used significant judgment in determining future cash flows. In addition to the judgments discussed above, the following factors also have the potential to impact our assumptions and, therefore, our impairment conclusions: general macroeconomic conditions; governmental actions, including U.S. Food and Drug Administration ("FDA") regulatory actions and inaction; changes in the e-vapor category growth (decline) rates as a result of changing adult tobacco consumer preferences; success of planned new product expansions; competitive activity; unfavorable outcomes with respect to litigation proceedings, including actions brought against us alleging patent infringement; and income and excise taxes.

If the assumptions or judgments regarding the expectations for the future state of the e-vapor category and NJOY's business discussed above fail to materialize as anticipated, if we experience unfavorable outcomes with respect to litigation proceedings (including actions alleging patent infringement), or if the discount rate used to estimate the fair value increases, we could have additional non-cash impairments of our e-vapor reporting unit goodwill in future periods, which could be material. Based on our 2025 annual impairment test, a hypothetical 1% increase in the discount rate used to estimate the fair value of the e-vapor reporting unit would have resulted in an additional goodwill impairment charge of approximately $150 million during 2025.

Skoal Trademark Impairment (2024)

In connection with the preparation of our financial statements for the period ended June 30, 2024, we evaluated the accelerated growth of innovative tobacco products, including oral nicotine pouches, and the related increase in competitive activity among tobacco categories, which have contributed to reductions in sales volumes for MST products, including *Skoal*. We concluded that the expected impact from the sales volume declines on the *Skoal* trademark represented a triggering event, and as a result of this conclusion, we performed an interim impairment assessment as of June 30, 2024. As a result of (i) lower projected revenue and income due to lower volume assumptions, (ii) a decrease in the perpetual growth rate to 0% (1% at October 1, 2023 valuation) and (iii) an increase in the discount rate to 11.5% (11.0% at October 1, 2023 valuation), we determined the estimated fair value of our *Skoal* trademark was below its carrying value and recorded a non-cash, pre-tax impairment of $354 million during the second quarter of 2024, which was recorded in our consolidated statements of earnings for the year ended December 31, 2024. Our carrying and estimated fair values of the *Skoal* trademark at June 30, 2024 were $3.6 billion, after recording the impairment.

Note 5. Exit and Implementation Costs

Pre-tax exit and implementation costs consisted of the following for the years ended December 31:

	Exit Costs		Implementation Costs [1]		Total	
(in millions)	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Smokeable products segment	**$ 7**	$ 31	**$ 42**	$ 29	**$ 49**	$ 60
Oral tobacco products segment	**1**	4	**6**	4	**7**	8
Total	**$ 8**	$ 35	**$ 48**	$ 33	**$ 56**	$ 68

[1] Recorded in marketing, administration and research costs in our consolidated statements of earnings.

There were no exit or implementation costs for the year ended December 31, 2023.

In October 2024, we announced a multi-phase *Optimize & Accelerate* initiative ("Initiative") designed to modernize our ways of working, which would enable us to increase our organization's speed, efficiency and effectiveness by centralizing work, outsourcing certain transactional tasks and streamlining, automating and standardizing processes.

During the fourth quarter of 2025, we updated the estimated total pre-tax charges to approximately $175 million from the previous estimate of approximately $125 million as a result of finalizing the plans for all phases of the Initiative. As of December 31, 2025, total pre-tax charges since the inception of the Initiative were $124 million, consisting of employee separation cost of $43 million and implementation costs of $81 million. We expect to record the majority of the remaining charges by the end of 2027. All of these charges result in cash expenditures and consist of severance payments associated with employee separations, implementation costs for new technology and business advisory services and other costs. We record employee separation costs when probable and reasonably estimable. As of December 31, 2025, total cash payments since the inception of the Initiative were $90 million, consisting of $18 million for exit costs and $72 million for implementation costs.

A summary of the charges and cash paid for exit and implementation costs related to the Initiative is as follows:

(in millions)	**Exit Costs**	**Implementation Costs**	**Total**
Balances at December 31, 2023	$ —	$ —	$ —
Charges	35	33	68
Cash paid	—	(11)	(11)
Balances at December 31, 2024	35	22	57
Charges	**8**	**48**	**56**
Cash paid	**(18)**	**(61)**	**(79)**
Balances at December 31, 2025	**$ 25** [1]	**$ 9**	**$ 34**

[1] Restructuring liabilities, all of which were severance liabilities.

Note 6. Investments in Equity Securities

The carrying amount of our investments consisted of the following at December 31:

(in millions)	2025	2024
ABI	$ 8,303	$ 7,880
Cronos	314	315
Total	$ 8,617	$ 8,195

(Income) losses from our current and former investments in equity securities consisted of the following:

	For the Years Ended December 31,		
(in millions)	2025	2024	2023
ABI [1]	$ (498)	$ (673) [2]	$ (539)
Cronos [1]	(12)	21	46
(Income) losses from investments under equity method of accounting	(510)	(652)	(493)
JUUL	—	—	250 [3]
(Income) losses from investments in equity securities	$ (510)	$ (652)	$ (243)

[1] Includes our share of amounts recorded by our investees and additional adjustments, if required, related to (i) the conversion from international financial reporting standards to GAAP and (ii) adjustments to our investments required under the equity method of accounting.

[2] Includes $165 million of the total pre-tax gain on the ABI Transaction discussed below.

[3] Represents a non-cash, pre-tax loss on the disposition of our JUUL equity securities discussed below.

Investees' summarized financial data for our equity method investments that we report using a one-quarter lag was as follows:

	For the Twelve Months Ended September 30,					
	2025		2024		2023	
(in millions)	ABI	Cronos	ABI	Cronos	ABI	Cronos
Net revenues	$ 58,986	$ 132	$ 60,103	$ 111	$ 59,841	$ 87
Gross profit	$ 32,841	$ 57	$ 32,974	$ 17	$ 32,371	$ 9
Earnings (losses) from continuing operations	$ 8,134	$ 42	$ 8,108	$ (48)	$ 7,956	$ (105)
Net earnings (losses)	$ 8,134	$ 42	$ 8,108	$ (49)	$ 7,956	$ (108)
Net earnings (losses) attributable to equity investments	$ 6,411	$ 36	$ 6,501	$ (47)	$ 6,284	$ (108)

	At September 30,			
	2025		2024	
(in millions)	ABI	Cronos	ABI	Cronos
Current assets	$ 23,034	$ 922	$ 22,525	$ 959
Long-term assets	$ 187,082	$ 256	$ 185,318	$ 225
Current liabilities	$ 35,025	$ 41	$ 31,182	$ 40
Long-term liabilities	$ 86,915	$ 5	$ 92,377	$ 13
Noncontrolling interests	$ 10,675	$ 50	$ 10,831	$ 50

Investment in ABI

At December 31, 2025, we had an approximate 8.2% ownership interest in ABI, consisting of approximately 125 million restricted shares of ABI ("Restricted Shares") and approximately 34 million ordinary shares of ABI. Our Restricted Shares:

- are unlisted and not admitted to trading on any stock exchange;
- are convertible by us into ordinary shares of ABI on a one-for-one basis;
- rank equally with ordinary shares of ABI with regards to dividends and voting rights; and
- have director nomination rights with respect to ABI.

We account for our investment in ABI under the equity method of accounting because we have active representation on ABI's board of directors and certain ABI board committees. Through this representation, we believe we have the ability to exercise significant influence over the operating and financial policies of ABI and participate in ABI's policy making processes.

We report our share of ABI's results using a one-quarter lag because ABI's results are not available in time for us to record them in the concurrent period.

The fair value of our investment in ABI is based on (i) unadjusted quoted prices in active markets for ABI's ordinary shares and is classified in Level 1 of the fair value hierarchy and (ii) observable inputs other than Level 1 prices, such as quoted prices for similar assets for the Restricted Shares and is classified in Level 2 of the fair value hierarchy. Because we can convert our Restricted Shares into ordinary shares at our discretion, the fair value of each Restricted Share is based on the value of an ordinary share.

At December 31, 2025, the fair value of our investment in ABI was $10.3 billion, which exceeded its carrying value of $8.3 billion by approximately 24%. At December 31, 2024, the fair value of our investment in ABI approximated its carrying value of $7.9 billion.

At December 31, 2025, the carrying value of our investment in ABI exceeded our share of ABI's net assets attributable to equity holders of ABI as of September 30, 2025 by approximately $2.0 billion. Substantially all of this difference is comprised of goodwill and other indefinite-lived intangible assets (consisting primarily of trademarks).

2024 ABI Transaction

In the first quarter of 2024, we converted 60 million of our Restricted Shares into ordinary shares of ABI and completed the sale of a portion of our investment in ABI ("ABI Transaction"), which consisted of the following:

- We sold 35 million of our ABI ordinary shares in a global secondary offering for gross proceeds of approximately $2.2 billion.
- We sold $200 million of our ABI ordinary shares (approximately 3.3 million ordinary shares) to ABI in a private transaction.

As a result of the ABI Transaction, in the first quarter of 2024, we received pre-tax cash proceeds totaling approximately $2.4 billion and incurred transaction costs of approximately $62 million. In conjunction with the ABI Transaction, we entered into accelerated share repurchase ("ASR") transactions under two separate agreements with bank counterparties (collectively, "ASR Agreements") to repurchase shares of our common stock. For further discussion of the ASR Agreements, see Note 10. *Capital Stock*.

As a result of the ABI Transaction, we recorded the following pre-tax amounts in our consolidated statement of earnings:

(in millions)		**For the Year Ended December 31, 2024**
Gain on partial sale of our investment	**$**	**165**
Transaction costs		**(62)**
Total pre-tax gain on ABI Transaction	**$**	**103**

- The pre-tax gain on the partial sale of our investment was recorded in (income) losses from investments in equity securities and includes a $408 million gain representing the excess of the selling price of the ABI shares sold over the carrying value of those shares, partially offset by a $243 million reclassification of the proportionate share of our pre-tax accumulated other comprehensive losses directly attributable to ABI and our designated net investment hedges related to our investment in ABI (see Note 7. *Financial Instruments* and Note 13. *Other Comprehensive Earnings/Losses*).
- The pre-tax transaction costs were approximately $62 million ($59 million in marketing, administration and research costs and $3 million in interest and other debt expense, net), substantially all of which were underwriter fees.

In addition, in conjunction with the ABI Transaction, we recorded an income tax benefit from the partial release of a valuation allowance of approximately $94 million in provision for income taxes in our consolidated statement of earnings for the year ended December 31, 2024. Subsequently, for the year ended December 31, 2025, we recorded an additional $77 million increase to this valuation allowance. For further discussion of the valuation allowance, see Note 14. *Income Taxes*.

Investment in Cronos

At December 31, 2025, we had an approximate 41.0% ownership interest in Cronos, consisting of approximately 157 million shares, which we account for under the equity method of accounting. We report our share of Cronos's results using a one-quarter lag because Cronos's results are not available in time for us to record them in the concurrent period.

The fair value of our investment in Cronos is based on unadjusted quoted prices in active markets for Cronos's common shares and is classified in Level 1 of the fair value hierarchy.

At December 31, 2025, the fair value of our investment in Cronos exceeded its carrying value by $97 million, or approximately 31%. At December 31, 2024, the fair value of our investment in Cronos approximated its carrying value of $315 million.

Former Investment in JUUL Labs, Inc. ("JUUL")

As of December 31, 2022, we had an investment in JUUL of $250 million, representing a 35% economic interest in JUUL. We accounted for this investment as an investment in an equity security as we determined that we had no ability to exercise significant influence over the operating and financial policies of JUUL as a result of our loss of certain rights due to our exercise of our option to be released from our JUUL non-competition obligations in the third quarter of 2022. Our consolidated statements of earnings included any changes in the estimated fair value of our former investment, which were calculated quarterly. We used an income approach to estimate the fair value of our former investment in JUUL. The income approach reflected the discounting of future cash flows for the U.S. and international markets at a rate of return that incorporated the risk-free rate for the use of those funds, the expected rate of inflation and the risks associated with realizing future cash flows.

In March 2023, we entered into a stock purchase agreement with JUUL ("Stock Transfer Agreement") pursuant to which we transferred to JUUL all of our beneficially owned JUUL equity securities and, in exchange, received a non-exclusive, irrevocable global license to certain of JUUL's heated tobacco intellectual property ("JUUL Heated Tobacco IP"). For the year ended December 31, 2023, we recorded a non-cash, pre-tax loss on the disposition of our JUUL equity securities of $250 million as a result of entering into the Stock Transfer Agreement. Additionally, we considered specific facts and circumstances around the nature of the JUUL Heated Tobacco IP and determined that the fair value of such intellectual property was not material to our consolidated financial statements as of the date of the transaction. As a result, we did not record an asset associated with this intellectual property on our consolidated balance sheet. The primary drivers of this conclusion were (i) our rights to the JUUL Heated Tobacco IP being non-exclusive, (ii) there being no product or technology transferred to us associated with the JUUL Heated Tobacco IP and (iii) there being no connection between the JUUL Heated Tobacco IP and our current product development plans.

Note 7. Financial Instruments

We enter into derivative financial instruments to mitigate the potential impact of certain market risks, including foreign currency exchange rate risk. We use various types of derivative financial instruments, including forward contracts, options and swaps. We do not enter into or hold derivative financial instruments for trading or speculative purposes.

Our investment in ABI, whose functional currency is the Euro, exposes us to foreign currency exchange risk on the carrying value of our investment. To manage this risk, we may designate Euro denominated unsecured long-term notes ("foreign currency denominated debt") and certain foreign exchange contracts, including cross-currency swap contracts and forward contracts (collectively, "foreign currency contracts"), as net investment hedges of our investment in ABI. At December 31, 2025 and 2024, we had no outstanding foreign currency contracts.

The aggregate carrying value and fair value of our total long-term debt were as follows at December 31:

(in millions)	**2025**	**2024**
Carrying value	**$ 25,709**	$ 24,926
Fair value	**24,303**	22,741
Foreign currency denominated debt included in long-term debt:		
Carrying value	**2,638**	3,100
Fair value	**2,619**	3,059

The fair value of our total long-term debt is based on observable market information derived from a third-party pricing source and is classified in Level 2 of the fair value hierarchy.

Net Investment Hedging

We recognize changes in the carrying value of the foreign currency denominated debt due to changes in the Euro to U.S. dollar exchange rate in accumulated other comprehensive losses related to ABI. We recognized pre-tax (gains) losses of our net investment hedges of $393 million, $(205) million and $108 million for the years ended December 31, 2025, 2024 and 2023, respectively.

In addition, as a result of the ABI Transaction, for the year ended December 31, 2024, we reclassified $42 million of pre-tax gains from our designated net investment hedges included in accumulated other comprehensive losses to (income) losses from investments in equity securities in our consolidated statement of earnings.

For further discussion of the ABI Transaction and reclassification of accumulated other comprehensive losses, see Note 6. *Investments in Equity Securities* and Note 13. *Other Comprehensive Earnings/Losses.*

Contingent Payments

The total consideration for the NJOY Transaction included the fair value of up to $500 million in additional cash payments contingent on receipt of FDA authorizations with respect to *NJOY ACE* menthol ($250 million), blueberry ($125 million) and watermelon ($125 million) pod products. For additional discussion of the NJOY Transaction, see Note 3. *Acquisition of NJOY*.

The changes in the liability associated with contingent payments were as follows:

	For the Years Ended December 31,	
(in millions)	**2025**	**2024**
Balance at January 1	**$ 20**	$ 130
Change in the fair value of contingent payments [1]	**25** [2]	140 [3]
Payments	**—**	(250) [4]
Balance at December 31	**$ 45**	$ 20

[1] We recorded these pre-tax charges in marketing, administration and research costs in our consolidated statements of earnings.
[2] Relates to *NJOY ACE* blueberry and watermelon pod products.
[3] Relates to *NJOY ACE* menthol pod products.
[4] Payments made following FDA authorization of *NJOY ACE* menthol pod products.

We recognized the liability for contingent payments related to the NJOY Transaction at its estimated fair value as of the acquisition date. We recognize subsequent changes to the fair value in earnings until the contingency is resolved. In determining the estimated fair value, we made certain judgments, estimates and assumptions, the most significant of which was the likelihood of certain potential regulatory outcomes. We classified the liability for contingent payments in Level 3 of the fair value hierarchy.

Note 8. Short-Term Borrowings and Borrowing Arrangements

At December 31, 2025 and 2024, we had no short-term borrowings.

In July 2025, we entered into an agreement to extend the expiration of our $3.0 billion senior unsecured 5-year revolving credit agreement from October 24, 2028 to October 24, 2029 (as extended, "Credit Agreement"). All other terms and conditions remain in full force and effect. The Credit Agreement includes an option, subject to certain conditions, for us to extend the term for an additional one-year period. We intend to use any borrowings under our Credit Agreement for general corporate purposes.

At December 31, 2025 and 2024, we had availability under the Credit Agreement for borrowings of up to an aggregate principal amount of $3.0 billion.

Pricing for interest and fees under our Credit Agreement may be modified in the event of a change in the rating of our long-term senior unsecured debt. We expect interest rates on borrowings under our Credit Agreement to be based on the Term Secured Overnight Financing Rate plus a percentage based on the higher of the ratings of our long-term senior unsecured debt from Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Financial Services LLC ("S&P"). The applicable percentage for borrowings under our Credit Agreement at December 31, 2025 was 1.0% based on our long-term senior unsecured debt ratings on that date. Our Credit Agreement does not include any other rating triggers or any provisions that could require the posting of collateral.

Our Credit Agreement includes various covenants, one of which requires us to maintain a ratio of Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) to Consolidated Interest Expense of not less than 4.0 to 1.0, calculated for the four most recent fiscal quarters. At December 31, 2025, we were in compliance with our covenants in our Credit Agreement. The terms "Consolidated EBITDA" and "Consolidated Interest Expense," each as defined in our Credit Agreement, include certain adjustments.

PM USA guarantees any borrowings under our Credit Agreement and any amounts outstanding under our commercial paper program. For discussion of PM USA's guarantees, see Note 9. *Long-Term Debt*.

Note 9. Long-Term Debt

Our long-term debt consisted of the following at December 31:

(in millions)	2025	2024
USD notes, 2.450% to 10.200%, interest payable semi-annually, due through 2061 [1]	$ 23,029	$ 21,784
USD debenture, 7.75%, interest payable semi-annually, due 2027	42	42
Euro notes, 2.200% to 3.125%, interest payable annually, due through 2031 [2]	2,638	3,100
	25,709	24,926
Less current portion of long-term debt	1,569	1,527
	$ 24,140	$ 23,399

[1] Weighted-average coupon interest rate of 4.7% and 4.6% at December 31, 2025 and 2024, respectively.
[2] Weighted-average coupon interest rate of 2.7% and 2.5% at December 31, 2025 and 2024, respectively.

At December 31, 2025, our outstanding long-term debt consisted of the following:

(in millions)

Type	Face Value	Interest Rate	Issuance	Maturity
USD notes	$1,069	4.400%	February 2019	February 2026
USD notes	$500	2.625%	September 2016	September 2026
USD debenture	$42	7.750%	January 1997	January 2027
Euro notes	€1,000	2.200%	February 2019	June 2027
USD notes	$500	4.875%	February 2025	February 2028
USD notes	$500	6.200%	November 2023	November 2028
USD notes	$1,906	4.800%	February 2019	February 2029
USD notes	$750	3.400%	May 2020	May 2030
USD notes	$500	4.500%	August 2025	August 2030
Euro notes	€1,250	3.125%	February 2019	June 2031
USD notes	$1,750	2.450%	February 2021	February 2032
USD notes	$500	6.875%	November 2023	November 2033
USD notes	$500	5.625%	February 2025	February 2035
USD notes	$500	5.250%	August 2025	August 2035
USD notes	$177	9.950%	November 2008	November 2038
USD notes	$208	10.200%	February 2009	February 2039
USD notes	$2,000	5.800%	February 2019	February 2039
USD notes	$1,500	3.400%	February 2021	February 2041
USD notes	$900	4.250%	August 2012	August 2042
USD notes	$650	4.500%	May 2013	May 2043
USD notes	$1,800	5.375%	October 2013	January 2044
USD notes	$1,500	3.875%	September 2016	September 2046
USD notes	$2,500	5.950%	February 2019	February 2049
USD notes	$500	4.450%	May 2020	May 2050
USD notes	$1,250	3.700%	February 2021	February 2051
USD notes	$271	6.200%	February 2019	February 2059
USD notes	$1,000	4.000%	February 2021	February 2061

At December 31, 2025, aggregate maturities of our long-term debt were as follows:

(in millions)		**Aggregate Maturities**
2026		**$ 1,569**
2027		**1,217**
2028		**1,000**
2029		**1,906**
2030		**1,250**
Thereafter		**18,974**
		25,916
Less:	debt issuance costs	**129**
	debt discounts	**78**
		$ 25,709

At December 31, 2025 and 2024, accrued interest on long-term debt of $425 million and $389 million, respectively, was included in other accrued liabilities on our consolidated balance sheets.

In the third quarter of 2025, we issued U.S. dollar denominated senior unsecured notes in the aggregate principal amount of $1.0 billion. The net proceeds from the notes are being used for general corporate purposes. The notes contain the following terms:

- $0.5 billion at 4.500%, due 2030, interest payable semiannually beginning February 6, 2026; and
- $0.5 billion at 5.250%, due 2035, interest payable semiannually beginning February 6, 2026.

In the first quarter of 2025, we issued U.S. dollar denominated senior unsecured notes in the aggregate principal amount of $1.0 billion. The net proceeds from the notes were used for general corporate purposes, which included repayment of certain of our notes in the second quarter of 2025 as discussed below. The notes contain the following terms:

- $0.5 billion at 4.875%, due 2028, interest payable semiannually beginning August 4, 2025; and
- $0.5 billion at 5.625%, due 2035, interest payable semiannually beginning August 6, 2025.

Similar to our other notes, the notes issued in 2025 are senior unsecured obligations and rank equally in right of payment with all of our existing and future senior unsecured indebtedness. Following the occurrence of both (i) a change of control of Altria and (ii) the notes ceasing to be rated investment grade by each of Moody's, S&P and Fitch Ratings Inc., we will be required to make an offer to purchase the notes at a price equal to 101% of the aggregate principal amount of such notes, plus accrued and unpaid interest to the date of repurchase as and to the extent set forth in the terms of the notes.

In the second quarter of 2025, we repaid in full at maturity our 2.350% and 1.700% senior unsecured notes in the aggregate principal amounts of $750 million and €750 million ($857 million), respectively.

For a discussion of the fair value of our long-term debt and the designation of our Euro denominated senior unsecured notes as a net investment hedge of our investment in ABI, see Note 7. *Financial Instruments*.

- **PM USA Guarantees:** PM USA ("Guarantor"), which is a 100% owned subsidiary of Altria Group, Inc. ("Parent"), has guaranteed the Parent's obligations under its outstanding debt securities, any borrowings under its Credit Agreement and any amounts outstanding under its commercial paper program ("Guarantees"). Pursuant to the Guarantees, the Guarantor fully and unconditionally guarantees, as primary obligor, the payment and performance of the Parent's obligations under the guaranteed debt instruments ("Obligations"), subject to release under certain customary circumstances as noted below.

The Guarantees provide that the Guarantor guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the Obligations. The liability of the Guarantor under the Guarantees is absolute and unconditional irrespective of: any lack of validity, enforceability or genuineness of any provision of any agreement or instrument relating thereto; any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from any agreement or instrument relating thereto; any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Obligations; or any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Parent or the Guarantor.

The Parent is a holding company; therefore, its access to the operating cash flows of its subsidiaries consists of cash received from the payment of dividends and distributions, and the payment of interest on intercompany loans by its subsidiaries. Neither the Guarantor nor other subsidiaries of the Parent that are not guarantors of the Obligations are limited by contractual obligations on their ability to pay cash dividends or make other distributions with respect to their equity interests.

Note 10. Capital Stock

At December 31, 2025, we had 12 billion shares of authorized common stock; issued, repurchased and outstanding shares of common stock consisted of the following:

	Shares Issued	Shares Repurchased	Shares Outstanding
Balances, December 31, 2022	2,805,961,317	(1,020,427,195)	1,785,534,122
Stock award activity	—	676,495	676,495
Repurchases of common stock	—	(22,748,842)	(22,748,842)
Balances, December 31, 2023	2,805,961,317	(1,042,499,542)	1,763,461,775
Stock award activity	—	687,715	687,715
Repurchases of common stock	—	(73,497,623)	(73,497,623)
Balances, December 31, 2024	2,805,961,317	(1,115,309,450)	1,690,651,867
Stock award activity	—	**761,026**	**761,026**
Repurchases of common stock	—	**(17,094,596)**	**(17,094,596)**
Balances, December 31, 2025	**2,805,961,317**	**(1,131,643,020)**	**1,674,318,297**

At December 31, 2025, we had 31,134,469 shares of common stock reserved for stock-based awards under our stock plans.

At December 31, 2025, we had 10 million authorized shares of serial preferred stock, $1.00 par value; no shares of serial preferred stock have been issued.

- **Dividends:** In the third quarter of 2025, our Board of Directors ("Board of Directors" or "Board") approved a 3.9% increase in the quarterly dividend rate to $1.06 per share of our common stock versus the previous rate of $1.02 per share. The current annualized dividend rate is $4.24 per share. Future dividend payments remain subject to the discretion of our Board.

- **Share Repurchases:** In January 2023, our Board authorized a $1.0 billion share repurchase program ("January 2023 share repurchase program"), which we completed in December 2023.

In January 2024, our Board authorized a $1.0 billion share repurchase program that it expanded to $3.4 billion in March 2024 (as expanded, "January 2024 share repurchase program"). We subsequently entered into ASR Agreements to repurchase shares of our common stock having an aggregate value of $2.4 billion ("Repurchase Price"). In the first half of 2024, we paid the Repurchase Price and received 53.9 million shares of our common stock. We funded the ASR transactions with proceeds from the ABI Transaction. For further information on the ABI Transaction, see Note 6. *Investments in Equity Securities.* The total number of shares repurchased under the ASR Agreements was based on volume-weighted average prices of our common stock during the term of the ASR transactions, less a discount. The ASR transactions were accounted for as equity transactions and included in cost of repurchased stock on our consolidated balance sheets when the shares were received. We completed the January 2024 share repurchase program in December 2024.

In January 2025, our Board authorized a new $1.0 billion share repurchase program that it expanded to $2.0 billion in October 2025 (as expanded, "January 2025 share repurchase program"). At December 31, 2025, we had $1.0 billion remaining under this program, which expires on December 31, 2026. Share repurchases depend on marketplace conditions and other factors, and the program remains subject to the discretion of our Board.

Our total share repurchase activity was as follows for the years ended December 31:

	January 2025 Share Repurchase Program	January 2024 Share Repurchase Program	January 2023 Share Repurchase Program
(in millions, except per share data)	**2025**	**2024 [1]**	**2023**
Total number of shares repurchased	**17.1**	73.5	22.7
Aggregate cost of shares repurchased	**$ 1,000**	$ 3,400	$ 1,000
Average price per share of shares repurchased	**$ 58.50**	$ 46.26	$ 43.96

[1] Includes 53.9 million shares repurchased under the ASR Agreements at an average price per share of $44.50.

Note 11. Stock Plans

In 2025, our Board adopted, and shareholders approved, the 2025 Performance Incentive Plan ("2025 Plan"). The 2025 Plan succeeded the 2020 Performance Incentive Plan, under which no new awards were permitted to be made after May 31, 2025. Under the 2025 Plan, we may grant stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance stock units

("PSUs") and other stock-based awards, as well as cash-based annual and long-term incentive awards to our employees. Awards granted under the 2025 Plan may be in the form of performance-based awards, including PSUs subject to the achievement or satisfaction of performance goals and performance cycles. We may issue up to 25 million shares of common stock under the 2025 Plan through the date of our 2035 Annual Meeting of Shareholders.

In addition, in 2025, our Board adopted, and shareholders approved, the 2025 Stock Compensation Plan for Non-Employee Directors ("Directors Plan"). The Directors Plan succeeded the 2015 Stock Compensation Plan for Non-Employee Directors, under which no new awards were permitted after the awards made immediately following our 2025 Annual Meeting of Shareholders. Under the Directors Plan, we may grant up to one million shares of common stock to non-employee members of the Board through the date of our 2035 Annual Meeting of Shareholders.

At December 31, 2025, we had 24,827,825 and 1,000,000 shares available to be granted under the 2025 Plan and the Directors Plan, respectively.

- **RSUs:** During the vesting period, RSUs include nonforfeitable rights to dividend equivalents and may not be sold, assigned, pledged or otherwise encumbered. RSUs are subject to forfeiture if certain employment conditions are not met. We estimate the number of awards expected to be forfeited and adjust this estimate when subsequent information indicates that the actual number of forfeitures is likely to differ from previous estimates. RSUs generally vest three years after the grant date.

We amortize to expense ratably over the restriction period, which is generally three years, the fair value of RSUs at the date of grant, net of estimated forfeitures. We recorded pre-tax compensation expense related to RSUs for the years ended December 31, 2025, 2024 and 2023 of $51 million, $50 million and $47 million, respectively. We recorded a deferred tax benefit related to this compensation expense of $12 million for each of the years ended December 31, 2025, 2024 and 2023. The unamortized compensation expense related to RSUs was $89 million at December 31, 2025, which we expect to be recognized over a weighted-average period of approximately two years.

RSU activity was as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Balance at December 31, 2024	3,973,485	$ 45.87
Granted	**1,152,361**	**$ 55.95**
Vested	**(982,321)**	**$ 48.54**
Forfeited	**(210,367)**	**$ 46.16**
Balance at December 31, 2025	**3,933,158**	**$ 48.14**

The weighted-average grant date fair value of RSUs granted during the years ended December 31, 2025, 2024 and 2023 was $64 million, $67 million and $56 million, respectively, or $55.95, $43.29 and $46.38 per RSU, respectively. The total vesting date fair value of RSUs that vested during the years ended December 31, 2025, 2024 and 2023 was $56 million, $35 million and $40 million, respectively.

- **PSUs:** We granted an aggregate of 257,920, 290,980 and 255,601 of PSUs during 2025, 2024 and 2023, respectively. The payout of the PSUs is based on the extent to which we achieve certain performance measures over the three-year performance period and are subject to forfeiture if certain employment conditions are not met. At December 31, 2025, we had 767,341 PSUs outstanding, with a weighted-average grant date fair value of $49.39 per PSU. We amortize to expense over the performance period the fair value of PSUs at the date of grant, net of estimated forfeitures. We recorded pre-tax compensation expense related to PSUs for the years ended December 31, 2025, 2024 and 2023 of $11 million, $6 million and $11 million, respectively. The unamortized compensation expense related to PSUs was $16 million at December 31, 2025.

Note 12. Earnings per Share

We calculated basic and diluted earnings per share ("EPS") using the following:

	For the Years Ended December 31,		
(in millions)	**2025**	**2024**	**2023**
Net earnings	**$ 6,947**	$ 11,264	$ 8,130
Less: Distributed and undistributed earnings attributable to share-based awards	**(20)**	(28)	(17)
Earnings for basic and diluted EPS	**$ 6,927**	$ 11,236	$ 8,113
Weighted-average shares for basic and diluted EPS	**1,683**	1,718	1,777

Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents are participating securities and, therefore, are included in our EPS calculation pursuant to the two-class method.

Note 13. Other Comprehensive Earnings/Losses

Changes in each component of accumulated other comprehensive losses, net of deferred income taxes, attributable to Altria were as follows:

(in millions)	Benefit Plans	ABI	Currency Translation Adjustments and Other	Accumulated Other Comprehensive Losses
Balances, December 31, 2022	$ (1,436)	$ (1,369)	$ 34	$ (2,771)
Other comprehensive earnings (losses) before reclassifications	(48)	178	(28)	102
Deferred income taxes	9	(35)	9	(17)
Other comprehensive earnings (losses) before reclassifications, net of deferred income taxes	(39)	143	(19)	85
Amounts reclassified to net earnings	(26)	39	—	13
Deferred income taxes	8	(8)	—	—
Amounts reclassified to net earnings, net of deferred income taxes	(18)	31	—	13
Other comprehensive earnings (losses), net of deferred income taxes	(57)	174 (1)	(19)	98
Balances, December 31, 2023	(1,493)	(1,195)	15	(2,673)
Other comprehensive earnings (losses) before reclassifications	142	(22)	(5)	115
Deferred income taxes	(36)	(1)	—	(37)
Other comprehensive earnings (losses) before reclassifications, net of deferred income taxes	106	(23)	(5)	78
Amounts reclassified to net earnings	(7)	251	—	244
Deferred income taxes	2	(51)	—	(49)
Amounts reclassified to net earnings, net of deferred income taxes	(5)	200	—	195
Other comprehensive earnings (losses), net of deferred income taxes	101	177 (1)	(5)	273
Balances, December 31, 2024	(1,392)	(1,018)	10	(2,400)
Other comprehensive earnings (losses) before reclassifications	**(39)**	**(228)**	**(5)**	**(272)**
Deferred income taxes	**9**	**55**	**—**	**64**
Other comprehensive earnings (losses) before reclassifications, net of deferred income taxes	**(30)**	**(173)**	**(5)**	**(208)**
Amounts reclassified to net earnings	**9**	**(33)**	**—**	**(24)**
Deferred income taxes	**(2)**	**7**	**—**	**5**
Amounts reclassified to net earnings, net of deferred income taxes	**7**	**(26)**	**—**	**(19)**
Other comprehensive earnings (losses), net of deferred income taxes	**(23)**	**(199)** (1)	**(5)**	**(227)**
Balances, December 31, 2025	**$ (1,415)**	**$ (1,217)**	**$ 5**	**$ (2,627)**

(1) Primarily reflects our share of ABI's currency translation adjustments and the impact of our designated net investment hedges related to our investment in ABI. For further discussion of designated net investment hedges, see Note 7. *Financial Instruments*.

Pre-tax amounts by component, reclassified from accumulated other comprehensive losses to net earnings were as follows:

(in millions)	For the Years Ended December 31, 2025	2024	2023
Benefit Plans: [1]			
Net loss	**$ 45**	$ 29	$ 8
Prior service credit	**(36)**	(36)	(34)
	9	(7)	(26)
ABI [2]	**(33)**	251 [3]	39
Pre-tax amounts reclassified from accumulated other comprehensive losses to net earnings	**$ (24)**	$ 244	$ 13

[1] Amounts are included in net periodic benefit income, excluding service cost. For further details, see Note 16. *Benefit Plans.*
[2] Amounts are included in (income) losses from investments in equity securities.
[3] Primarily reflects the impact of the ABI Transaction. For the year ended December 31, 2024, we reclassified $243 million from our accumulated other comprehensive losses of which $285 million is directly attributable to ABI, partially offset by $42 million from our designated net investment hedges related to our investment in ABI. For further information, see Note 6. *Investments in Equity Securities* and Note 7. *Financial Instruments.*

Note 14. Income Taxes

The One Big Beautiful Bill Act ("OBBB"), which was signed into law in July 2025, included various tax law changes, including the restoration of favorable tax treatment for certain business-related provisions and modifications to the international tax law framework. The OBBB has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. These provisions and modifications have not had a material impact on our consolidated financial statements.

Earnings (losses) before income taxes and provision (benefit) for income taxes consisted of the following:

(in millions)	For the Years Ended December 31, 2025	2024	2023
Earnings (losses) before income taxes:			
United States	**$ 9,382**	$ 13,680	$ 10,971
Outside United States	**7**	(22)	(43)
Total	**$ 9,389**	$ 13,658	$ 10,928
Provision (benefit) for income taxes:			
Current:			
Federal	**$ 2,348**	$ 927	$ 2,346
State and local	**410**	516	681
Outside United States	**—**	—	1
	2,758	1,443	3,028
Deferred:			
Federal	**(259)**	764	(133)
State and local	**(57)**	187	(97)
	(316)	951	(230)
Total provision for income taxes	**$ 2,442**	$ 2,394	$ 2,798

Our U.S. subsidiaries join in the filing of a U.S. federal consolidated income tax return. The U.S. federal income tax statute of limitations remains open for the year 2017 and forward, with years 2017 through 2023 currently under examination by the Internal Revenue Service ("IRS") as part of an audit conducted in the ordinary course of business. State statutes of limitations generally remain open for the year 2017 and forward. Certain of our state tax returns are currently under examination by various states as part of routine audits conducted in the ordinary course of business.

A reconciliation of the beginning and ending unrecognized tax benefits was as follows:

	For the Years Ended December 31,		
(in millions)	2025	2024	2023
Balance at beginning of year	**$ 282**	$ 1,608	$ 69
Additions based on tax positions related to the current year	**21**	—	1,548
Additions for tax positions of prior years	**304**	33	—
Reductions for tax positions related to IRS Agreement	**—**	(1,343)	—
Reductions for tax positions of prior years	**(21)**	(16)	(6)
Tax settlements	**(1)**	—	(3)
Balance at end of year	**$ 585**	$ 282	$ 1,608

The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate at December 31, 2025, was $4 million, along with $515 million affecting deferred taxes. The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate at December 31, 2024, was $189 million, along with $27 million affecting deferred taxes. The difference between the amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate at December 31, 2025 and December 31, 2024, is primarily related to certain cross-border taxes included in the tax reserve related to the downward attribution rules, discussed below.

In October 2024, we entered into an agreement with the IRS ("IRS Agreement") regarding the tax treatment of a $6.4 billion ordinary loss we recognized in 2023 for cash tax purposes with respect to a portion of our tax basis associated with our former investment in JUUL. In 2023, we fully reserved for the tax benefit associated with this ordinary loss by recording an unrecognized tax benefit of $1,548 million. Consistent with the terms of the IRS Agreement, we claimed a $4.0 billion ordinary loss and a $2.4 billion capital loss on our 2023 tax return, resulting in a reduction of $1,343 million in unrecognized tax benefits in 2024. For the year ended December 31, 2024, we recorded a tax benefit of $887 million due to the reversal of the unrecognized tax benefit in our consolidated statement of earnings, resulting in the partial release of a valuation allowance against our JUUL-related losses as discussed below.

In September 2025, the U.S. District Court for the Eastern District of Virginia ruled in favor of the IRS and denied our refund claim for the 2017 tax year, based on the Tax Cuts and Jobs Act of 2017's removal of downward attribution rules, which the IRS invoked to attribute income from certain of ABI's foreign subsidiaries to Altria. We intend to vigorously contest the ruling by pursuing all available appellate remedies. This ruling also has a potential impact for our 2018 through 2025 tax years. Following this ruling, we reevaluated our position and concluded that it is no longer more likely than not that we will prevail at the conclusion of the appellate process.

Consequently, we reversed a receivable of $45 million for the 2017 tax year and recorded a full reserve for this uncertain tax position of $348 million for the 2018 through 2025 tax years. Additionally, we reduced a deferred tax liability by $498 million due to the resulting increase in the tax basis of our investment in ABI, partially offset by a $77 million increase to a valuation allowance associated with the indirect effect on unrealized capital losses due to the decrease of a previously anticipated capital gain on the ABI Transaction. As a result of the foregoing, we recognized a net tax benefit of $28 million for the year ended December 31, 2025 in our consolidated statement of earnings related to a favorable rate differential associated with certain cross-border taxes included in the tax reserve. Effective January 1, 2026, the OBBB reinstates this downward attribution rule, which will limit the impact of this ruling to the 2017 through 2025 tax years.

At December 31, 2025, 2024 and 2023, the amount of accrued interest and penalties on our consolidated balance sheets was $83 million, $18 million and $36 million, respectively. For the years ended December 31, 2025, 2024 and 2023, we recognized in our consolidated statements of earnings $94 million, $(24) million and $20 million, respectively, of gross interest (income) expense and penalties associated with uncertain tax positions. We recognize accrued interest and penalties associated with uncertain tax positions as part of the tax provision.

We are subject to income taxation in many jurisdictions. Unrecognized tax benefits reflect the differences between tax positions we have taken or expect to take on income tax returns and the amounts recognized in our financial statements. Resolution of the related tax positions with the relevant tax authorities may take many years to complete, and such timing is not entirely within our control.

A reconciliation between actual income taxes and amounts computed by applying the federal statutory rate to earnings before income taxes was as follows:

	For the Years Ended December 31,					
	2025		2024 [1]		2023 [1]	
(dollars in millions)	**$**	**%**	$	%	$	%
Provision computed at U.S. federal statutory rate	**$ 1,972**	**21.0 %**	$ 2,868	21.0 %	$ 2,295	21.0 %
Increase (decrease) resulting from:						
Domestic state and local taxes, net of federal effect [2]	**278**	**3.0**	557	4.1	463	4.2
Foreign tax effects	**(10)**	**(0.1)**	3	—	11	0.1
Cross-border tax laws	**3**	**—**	(46)	(0.4)	(2)	—
Tax credits	**(39)**	**(0.4)**	(31)	(0.2)	(25)	(0.2)
Changes in valuation allowance	**91**	**1.0**	(939)	(6.9)	57	0.5
Nontaxable or nondeductible items						
Nondeductible goodwill	**243**	**2.6**	—	—	—	—
Other	**8**	**—**	(3)	—	(9)	(0.1)
Worldwide changes in unrecognized tax benefits	**(104)**	**(1.1)**	(15)	(0.1)	8	0.1
Effective tax rate	**$ 2,442**	**26.0 %**	$ 2,394	17.5 %	$ 2,798	25.6 %

[1] As discussed in Note 1. *Background and Basis of Presentation*, we retrospectively adopted ASU No. 2023-09. As a result, 2024 and 2023 amounts are now presented in categories in accordance with ASU No. 2023-09.

[2] State taxes in Pennsylvania, Virginia, New Jersey, California, Michigan, Tennessee, Illinois, Indiana and Kentucky make up greater than 50% of the total tax effect in this category for 2025. State taxes in Pennsylvania, California, Virginia, New Jersey, Illinois, Kentucky, Michigan, Alabama and Georgia make up greater than 50% of the total tax effect in this category for 2024. State taxes in Pennsylvania, California, Illinois, New Jersey, Virginia, Kentucky, Michigan, Alabama and Florida make up greater than 50% of the total tax effect in this category for 2023.

The tax provision in 2025 included state tax expense, net of federal benefit, of $278 million and tax expense of $243 million for the non-deductible impairment of the e-vapor reporting unit goodwill, partially offset by tax benefits of $104 million related to tax reserves including a favorable rate differential associated with certain cross-border taxes relevant to our investment in ABI.

The tax provision in 2024 included tax benefits of $939 million due primarily to the release of valuation allowances recorded against a deferred tax asset related to our JUUL-related losses as a result of the IRS Agreement and the ABI Transaction, partially offset by state tax expense, net of federal benefit, of $557 million.

The tax provision in 2023 included state tax expense, net of federal benefit, of $463 million and tax expense of $53 million for a valuation allowance recorded against a deferred tax asset related to the disposition of our former investment in JUUL.

Cash taxes paid, net of refunds, consisted of the following:

	For the Years Ended December 31,		
(in millions)	**2025**	**2024**	**2023**
Federal	**$ 1,340**	$ 1,161	$ 1,219
State and local	**354**	547	654
Outside United States	**1**	1	1
Total	**$ 1,695**	$ 1,709	$ 1,874

The tax effects of temporary differences that gave rise to deferred income tax assets and liabilities consisted of the following at December 31:

(in millions)	2025	2024
Deferred income tax assets:		
Accrued postretirement and postemployment benefits	**$ 264**	$ 270
Settlement charges	**520**	585
JUUL-related losses	**290**	207
Investment in Cronos	**410**	404
Research and development costs	**14**	112
Net operating losses and tax credit carryforwards	**146**	224
Total deferred income tax assets	**1,644**	1,802
Deferred income tax liabilities:		
Property, plant and equipment	**(231)**	(235)
Intangible assets	**(2,747)**	(3,032)
Investment in ABI	**(1,085)**	(1,370)
Accrued pension costs	**(126)**	(108)
Other	**(35)**	(133)
Total deferred income tax liabilities	**(4,224)**	(4,878)
Valuation allowances	**(779)**	(668)
Net deferred income tax liabilities	**$ (3,359)**	$ (3,744)

At December 31, 2025, we had JUUL-related gross capital loss carryforwards of $1.4 billion available to offset capital gains through 2028. We had estimated gross federal, state and foreign tax net operating losses ("NOLs") of $106 million, $1,212 million and $38 million, respectively. The federal NOLs and the foreign NOLs have indefinite carryforward periods. A majority of the state NOLs will expire between 2039 through 2043 or have indefinite carryforward periods.

After giving effect to the IRS Agreement and $1.7 billion of JUUL-related capital losses previously utilized against capital gains related to the *IQOS* Transaction, we have $6.1 billion (which includes a $3.5 billion outside basis difference in a domestic subsidiary, a $1.2 billion outside basis difference in a foreign subsidiary and $1.4 billion of capital loss carryforwards) of the $12.8 billion tax loss related to our former investment in JUUL remaining to offset future potential capital gains. For financial statement purposes, none of the tax benefit for the remaining $6.1 billion was recognized at December 31, 2025.

A reconciliation of the beginning and ending valuation allowances was as follows:

	For the Years Ended December 31,		
(in millions)	2025	2024	2023
Balance at beginning of year	**$ 668**	$ 2,256	$ 2,800
Additions to valuation allowance charged to income tax expense	**124**	244	114
Reductions to valuation allowance credited to income tax benefit	**(15)**	(1,337)	(6)
(Reductions) additions to valuation allowance due to NJOY Transaction (no impact to earnings)	**—**	(4)	12
Reductions to valuation allowance offset to deferred tax asset (no impact to earnings)	**—**	(491)	(663)
Foreign currency translation	**2**	—	(1)
Balance at end of year	**$ 779**	$ 668	$ 2,256

We determine deferred tax assets and liabilities based on the differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. We record a valuation allowance when we have determined it is more likely than not that some portion or all of a deferred tax asset will not be realized. In assessing realizability, we consider the weight of all available positive and negative evidence, including the character of the assets and the possible sources of taxable income of the appropriate character within the applicable carryback and carryforward periods available under the tax law. As has occurred in prior periods, there is a potential that sufficient positive evidence may be available in future periods to cause us to reduce or eliminate the valuation allowance on certain deferred tax assets. That change to the valuation allowance would result in the recognition of previously unrecognized deferred tax assets and a decrease in income tax expense in the period the release is recorded.

The additions to valuation allowances during 2025 were due primarily to the indirect effects of tax reserves, as discussed above, on our unrealized capital losses. The cumulative valuation allowance at December 31, 2025 was primarily attributable to deferred tax assets recorded in connection with our investment in Cronos ($405 million) and our JUUL-related capital loss carryforwards ($290 million).

The additions to valuation allowances during 2024 were due primarily to deferred tax assets recorded in connection with our JUUL-related capital loss carryforwards. The reductions to valuation allowances during 2024 were due primarily to the $4.0 billion of ordinary losses recognized as part of the IRS Agreement, the reduction of a deferred tax asset for the portion of our JUUL-related capital losses that is now part of our tax basis in the shares of a domestic subsidiary and the ABI Transaction. This outside basis difference of the domestic subsidiary is not recognized as a deferred tax asset since we do not expect the temporary difference to reverse in the foreseeable future. The cumulative valuation allowance at December 31, 2024 was primarily attributable to deferred tax assets recorded in connection with our investment in Cronos ($402 million) and our JUUL-related capital loss carryforwards ($207 million).

The additions to valuation allowances during 2023 were due primarily to deferred tax assets recorded in connection with our former investment in JUUL. The reductions to valuation allowances during 2023 were due primarily to the reduction of a deferred tax asset for the portion of our JUUL capital losses that is now part of our tax basis in the shares of a foreign subsidiary. This outside basis difference of the foreign subsidiary is not recognized as a deferred tax asset since we do not expect the temporary difference to reverse in the foreseeable future. The cumulative valuation allowance at December 31, 2023 was primarily attributable to deferred tax assets recorded in connection with our tax basis in the shares of a domestic subsidiary ($1,808 million) and our investment in Cronos ($397 million).

For a discussion regarding our former investment in JUUL and current investments in ABI and Cronos, see Note 6. *Investments in Equity Securities*.

Note 15. Segment Reporting

At December 31, 2025, our reportable segments were (i) smokeable products, consisting of combustible cigarettes and machine-made large cigars; (ii) oral tobacco products, consisting of MST products and oral nicotine pouches; and (iii) e-vapor products, consisting of our NJOY business.

For the year ended December 31, 2025, we concluded that our e-vapor products operating segment met the quantitative threshold for presentation as a reportable segment in accordance with Accounting Standards Codification 280, *Segment Reporting*, as a result of the non-cash impairments of e-vapor reporting unit goodwill and related definite-lived intangible assets recorded in 2025. See Note 4. *Goodwill and Other Intangible Assets, net*. As a result, we presented e-vapor products as a reportable segment (previously in our all other category) and recast segment information for comparative periods.

Our all other category included (i) Horizon; (ii) Helix International; and (iii) other business activities, which primarily consists of research and development ("R&D") expense related to certain new product platforms and technologies.

Altria's Chief Executive Officer is our chief operating decision maker ("CODM"). Our measure of segment profitability is segment operating companies income (loss) ("OCI"), which is defined as operating income before general corporate expenses and amortization of intangibles. Our CODM uses OCI for planning, forecasting and evaluating business and financial performance of the segments, including allocating capital and other resources to our segments and evaluating results relative to employee compensation targets. Interest and other debt expense, net, along with net periodic benefit income, excluding service cost, and provision for income taxes are centrally managed at the corporate level and, accordingly, such items are not presented by segment since they are excluded from the measure of segment profitability reviewed by our CODM. We do not disclose information about total assets by segment because such information is not reported to or used by our CODM. Substantially all of our long-lived assets were located in the United States at December 31, 2025. Segment goodwill and other intangible assets, net, are disclosed in Note 4. *Goodwill and Other Intangible Assets, net.* The accounting policies of the segments were the same at December 31, 2025 as those described in Note 2. *Summary of Significant Accounting Policies.*

Segment data were as follows:

	For the Years Ended December 31,		
(in millions)	**2025**	**2024**	**2023**
Net revenues:			
Smokeable products	**$ 20,485**	$ 21,204	$ 21,756
Oral tobacco products	**2,802**	2,776	2,667
E-vapor products	**(13)**	40	62
All other	**5**	(2)	(2)
Net revenues	**$ 23,279**	$ 24,018	$ 24,483
Earnings before income taxes:			
OCI:			
Smokeable products	**$ 10,984**	$ 10,821	$ 10,670
Oral tobacco products	**1,828**	1,449	1,722
E-vapor products	**(2,297)**	(171)	(16)
All other	**(229)**	(243)	(58)
Amortization of intangibles	**(132)**	(139)	(128)
General corporate expenses	**(255)**	(476)	(643)
Operating income	**9,899**	11,241	11,547
Interest and other debt expense, net	**1,079**	1,037	989
Net periodic benefit income, excluding service cost	**(59)**	(102)	(127)
(Income) losses from investments in equity securities	**(510)**	(652)	(243)
Gain on the sale of *IQOS* System commercialization rights	**—**	(2,700)	—
Earnings before income taxes	**$ 9,389**	$ 13,658	$ 10,928

Smokeable products segment OCI consisted of the following, including expenses under the significant expense principle in accordance with GAAP:

	For the Years Ended December 31,		
(in millions)	**2025**	**2024**	**2023**
Net revenues	**$ 20,485**	$ 21,204	$ 21,756
Settlement charges [(1)]	**(3,028)**	(3,460)	(3,711)
Excise taxes on products sold	**(3,042)**	(3,469)	(3,869)
Other segment items [(2)]	**(3,431)**	(3,454)	(3,506)
Operating companies income	**$ 10,984**	$ 10,821	$ 10,670

[(1)] Represents charges related to State Settlement Agreements included in cost of sales. For additional information, see *Health Care Cost Recovery Litigation* in Note 18. *Contingencies*.

[(2)] Other segment items includes manufacturing, marketing, administration and research costs, FDA user fees and other costs.

For the oral tobacco products segment, we did not identify any expenses under the significant expense principle in accordance with GAAP. Other segment items for our oral tobacco products segment include manufacturing, asset impairment, marketing, administration and research costs and excise taxes on products sold. Total oral tobacco products other segment items were $974 million, $1,327 million and $945 million for the years ended December 31, 2025, 2024 and 2023, respectively. The CODM reviews total oral tobacco products segment expenses in the aggregate in conjunction with the review of budget-to-actual OCI variances to manage segment operations.

For the e-vapor products segment, we did not identify any expenses under the significant expense principle in accordance with GAAP. Other segment items for our e-vapor products segment include manufacturing, goodwill impairment, asset impairment and marketing, administration and research costs. Total e-vapor products other segment items were $2,284 million, $211 million and $78 million for the years ended December 31, 2025, 2024 and 2023, respectively. The CODM reviews total e-vapor products segment expenses in the aggregate in conjunction with the review of budget-to-actual OCI variances to manage segment operations.

The smokeable products segment included net revenues of $19,248 million, $20,066 million and $20,665 million for the years ended December 31, 2025, 2024 and 2023, respectively, related to cigarettes and net revenues of $1,237 million, $1,138 million and $1,091 million for the years ended December 31, 2025, 2024 and 2023, respectively, related to cigars.

Substantially all of our consolidated net revenues for the years ended December 31, 2025, 2024 and 2023 were from sales generated in the United States. For the years ended December 31, 2025, 2024 and 2023, we had one customer that accounted for approximately 23%, 22% and 25% of our consolidated net revenues, respectively, and one customer that accounted for approximately 19%, 20% and 23% of our consolidated net revenues, respectively. Substantially all the net revenues from these customers were reported in the smokeable products, oral tobacco products and e-vapor products segments. No other customer accounted for more than 10% of our consolidated net revenues for the years ended December 31, 2025, 2024 and 2023.

Details of our depreciation expense and capital expenditures were as follows:

	For the Years Ended December 31,		
(in millions)	**2025**	**2024**	**2023**
Depreciation expense:			
Smokeable products	**$ 58**	$ 67	$ 73
Oral tobacco products	**41**	42	37
E-vapor products	**—**	3	2
General corporate and other	**35**	35	32
Total depreciation expense	**$ 134**	$ 147	$ 144
Capital expenditures:			
Smokeable products	**$ 107**	$ 54	$ 77
Oral tobacco products	**75**	39	59
E-vapor products	**1**	—	—
General corporate and other	**33**	49	60
Total capital expenditures	**$ 216**	$ 142	$ 196

The comparability of OCI for our reportable segments was affected by the following:

- **Non-Participating Manufacturer ("NPM") Adjustment Items:** We recorded net pre-tax income for NPM adjustment items as follows:

	For the Years Ended December 31,		
(in millions)	**2025**	**2024**	**2023**
Smokeable products segment	**$ (24)**	$ (29)	$ (29)
Interest and other debt expense, net	**4**	2	(21)
Total	**$ (20)**	$ (27)	$ (50)

We recorded the amounts shown in the table above in our smokeable products segment as reductions to cost of sales in our consolidated statements of earnings, which resulted in increased OCI in our smokeable products segment. NPM adjustment items result from the resolutions of certain disputes with states and territories related to the NPM adjustment provision under the Master Settlement Agreement ("NPM Adjustment Items"). For further discussion, see *Health Care Cost Recovery Litigation* in Note 18. *Contingencies*.

- **Acquisition-Related Items:** We recorded pre-tax charges of $23 million and $44 million in net revenues and cost of sales, respectively, related to the ITC exclusion order and cease-and-desist orders prohibiting the importation and sale of *NJOY ACE* in the United States in our e-vapor products segment for the year ended December 31, 2025.

- **Asset Impairment, Exit and Implementation Costs:** We recorded pre-tax charges of $2,128 million, primarily due to non-cash impairments of the e-vapor reporting unit goodwill and definite-lived intangible assets in our e-vapor products segment for the year ended December 31, 2025. We recorded exit and implementation costs of $56 million and $68 million related to the Initiative for the years ended December 31, 2025 and 2024, respectively. For a breakdown of these costs by segment, see Note 5. *Exit and Implementation Costs*. We recorded a non-cash, pre-tax impairment of the *Skoal* trademark of $354 million for the year ended December 31, 2024 in our oral tobacco products segment. For further discussion of the impairments recorded in our e-vapor products segment and our oral tobacco products segment, see Note 4. *Goodwill and Other Intangible Assets, net.*

▪ **Tobacco and Health and Certain Other Litigation Items:** We recorded pre-tax charges related to tobacco and health and certain other litigation items as follows:

	For the Years Ended December 31,		
(in millions)	**2025**	**2024**	**2023**
Smokeable products segment	**$ 55**	$ 70	$ 69
General corporate expenses	**—**	30	350
Interest and other debt expense, net	**3**	1	11
Total	**$ 58**	$ 101	$ 430

We recorded the amounts shown in the table above in our smokeable products segment and general corporate expenses in marketing, administration and research costs in our consolidated statements of earnings. For further discussion, see Note 18. *Contingencies*.

▪ **Other Business Activities:** Our R&D investments have evolved and shifted from our traditional tobacco businesses to new product platforms and technologies. Beginning January 1, 2024, our R&D expense is aligned with how our CODM evaluates performance results and allocates resources for segment reporting. For the years ended December 31, 2025 and 2024, using this approach, we recorded the majority of our pre-tax R&D expense of $195 million and $208 million, respectively, in our all other category, which now includes other business activities related to R&D expense for certain new product platforms and technologies. For the year ended December 31, 2023, the majority of our pre-tax R&D expense of $220 million was recorded in our smokeable products segment.

Note 16. Benefit Plans

Our subsidiaries sponsor noncontributory defined benefit pension plans covering certain employees. Employees hired on or after a specified date are instead eligible to participate in a defined contribution plan with enhanced benefits. We also provide postretirement health care and other benefits to certain retired employees.

We measure the plan assets and benefit obligations of our pension and postretirement plans at December 31 of each year.

- **Obligations and Funded Status:** Benefit obligations, plan assets and funded status for our pension and postretirement plans were as follows at December 31:

	Pension		Postretirement	
(in millions)	**2025**	**2024**	**2025**	**2024**
Change in benefit obligation:				
Benefit obligation at beginning of year [1]	**$ 6,082**	$ 6,428	**$ 1,078**	$ 1,246
Service cost	**37**	41	**11**	15
Interest cost	**318**	321	**56**	62
Benefits paid	**(457)**	(457)	**(90)**	(91)
Actuarial (gains) losses	**216**	(251)	**21**	(153)
Plan amendments	**4**	—	**—**	(1)
Benefit obligation at end of year [1]	**6,200**	6,082	**1,076**	1,078
Change in plan assets:				
Fair value of plan assets at beginning of year	**6,545**	6,775	**84**	102
Actual return on plan assets	**646**	209	**9**	12
Employer contributions	**16**	18	**—**	—
Benefits paid	**(457)**	(457)	**(23)**	(30)
Fair value of plan assets at end of year	**6,750**	6,545	**70**	84
Funded status at December 31	**$ 550**	$ 463	**$ (1,006)**	$ (994)
Amounts recognized on our consolidated balance sheets:				
Other assets	**$ 727**	$ 624	**$ —**	$ —
Other accrued liabilities	**(55)**	(25)	**(67)**	(59)
Accrued pension costs	**(122)**	(136)	**—**	—
Accrued postretirement health care costs	**—**	—	**(939)**	(935)
	$ 550	$ 463	**$ (1,006)**	$ (994)

[1] We measure our pension plans using the projected benefit obligation and our postretirement plans using the accumulated postretirement benefit obligation.

Actuarial losses for our pension and postretirement plans for the year ended December 31, 2025 were due primarily to a lower discount rate. Actuarial gains for our pension plans for the year ended December 31, 2024 were due primarily to a higher discount rate. Actuarial gains for our postretirement plans for the year ended December 31, 2024 were due primarily to lower assumed health care plan participation rates and a higher discount rate.

The accumulated benefit obligation, which represents benefits earned to date, for all of our pension plans in aggregate was $6.1 billion and $5.9 billion at December 31, 2025 and 2024, respectively. For pension plans with accumulated benefit obligations in excess of plan assets at December 31, 2025 and 2024, our accumulated benefit obligation was $159 million and $140 million, respectively. For pension plans with projected benefit obligations in excess of plan assets at December 31, 2025 and 2024, our projected benefit obligation was $177 million and $161 million, respectively. Additionally, at December 31, 2025 and 2024, there were no plan assets for these plans.

For all postretirement plans, our accumulated postretirement benefit obligations were in excess of plan assets at December 31, 2025 and 2024.

We used the following assumptions to determine our benefit obligations at December 31:

	Pension		Postretirement	
	2025	**2024**	**2025**	**2024**
Discount rate	**5.4 %**	5.7 %	**5.4 %**	5.7 %
Rate of compensation increase - long-term	**4.0**	4.0	**—**	—
Health care cost trend rate assumed for next year	**—**	—	**6.1**	6.3
Ultimate trend rate	**—**	—	**5.0**	5.0
Year that the rate reaches the ultimate trend rate	**—**	—	**2031**	2031

We based the discount rates for our plans on a yield curve developed from a model portfolio of high-quality corporate bonds with durations that match the expected future cash flows of the benefit obligations.

- **Components of Net Periodic Benefit Cost (Income):** Net periodic benefit cost (income) consisted of the following for the years ended December 31:

	Pension			Postretirement		
(in millions)	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**
Service cost	**$ 37**	$ 41	$ 39	**$ 11**	$ 15	$ 15
Interest cost	**318**	321	333	**56**	62	65
Expected return on plan assets	**(430)**	(465)	(485)	**(5)**	(6)	(8)
Amortization:						
Net loss (gain)	**50**	28	4	**(12)**	(6)	(2)
Prior service cost (credit)	**5**	5	6	**(41)**	(41)	(40)
Net periodic benefit cost (income)	**$ (20)**	$ (70)	$ (103)	**$ 9**	$ 24	$ 30

We used the following assumptions to determine our net periodic benefit cost (income) for the years ended December 31:

	Pension			Postretirement		
	2025	**2024**	**2023**	**2025**	**2024**	**2023**
Discount rates:						
Service cost	**5.9 %**	5.4 %	5.7 %	**5.9 %**	5.3 %	5.7 %
Interest cost	**5.4**	5.2	5.5	**5.4**	5.2	5.5
Expected rate of return on plan assets	**6.1**	6.1	6.1	**7.4**	7.4	7.4
Rate of compensation increase - long-term	**4.0**	4.0	4.0	**—**	—	—
Health care cost trend rate	**—**	—	—	**6.3**	6.5	6.5

- **Defined Contribution Plan Expense:** We sponsor tax-qualified defined contribution plans covering certain salaried and hourly (non-union and union) employees. Contributions and costs are determined generally as a percentage of earnings, as defined by our plans. Amounts charged to expense for these defined contribution plans totaled $110 million, $112 million and $109 million in 2025, 2024 and 2023, respectively.

- **Pension and Postretirement Plan Assets:** We managed our pension plan assets using a liability-driven investment framework that aligns plan assets with liabilities. This strategy is designed to balance pension liability hedging and asset growth in order to maintain our plan's funded status and cover incremental service accruals and interest cost. Liability hedging is achieved through investing in rate-sensitive fixed income securities, while growth assets are comprised of publicly traded equity securities. The current equity/fixed income target allocation is 10%/90%.

Our investment strategy for our postretirement plan assets is intended to maximize our total asset return based on the expectation that equity securities will outperform debt securities over the long term and reflects the maturity structure of our benefit obligation. The current equity/fixed income target allocation is 55%/45%.

The actual composition of our plan assets at December 31, 2025 was broadly characterized with the following allocation:

	Pension	**Postretirement**
Equity securities	**11 %**	**54 %**
Corporate bonds	**71 %**	**31 %**
U.S. Treasury and foreign government securities	**10 %**	**5 %**
All other investments	**8 %**	**10 %**

We implement our investment strategy for our plan assets by investing in long-duration fixed income securities that primarily include U.S. corporate bonds of companies from diversified industries and U.S. Treasury securities that mirror our pension obligation benchmark, as well as U.S. and international equity index strategies that are intended to mirror broad market indices, including, the Standard & Poor's 500 Index and Morgan Stanley Capital International ("MSCI") Europe, Australasia, and the Far East ("EAFE") Index. Our plans also invest in actively managed international equity securities of mid- and small-cap companies located in developed and emerging markets.

Our risk management practices for our plans include (i) ongoing monitoring of asset allocation, investment performance and investment managers' compliance with their investment guidelines, (ii) periodic rebalancing between equity and debt asset classes and (iii) annual actuarial re-measurement of plan liabilities.

Our expected rate of return on our plan assets is determined by our plan assets' historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class. The forward-looking estimates are consistent with the long-term historical averages exhibited by returns on equity and fixed income securities. For determining our pension and postretirement net periodic benefit cost (income), our 2026 expected rate of return assumptions are 6.1% and 7.4%, respectively.

The fair values of our pension plan assets by asset category were as follows at December 31:

	2025			2024		
(in millions)	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
U.S. and foreign government securities or their agencies:						
U.S. government and agencies	**$ —**	**$ 634**	**$ 634**	$ —	$ 508	$ 508
U.S. municipal bonds	**—**	**63**	**63**	—	69	69
Foreign government and agencies	**—**	**30**	**30**	—	54	54
Corporate debt instruments:						
Above investment grade	**—**	**4,151**	**4,151**	—	3,572	3,572
Below investment grade and no rating	**—**	**698**	**698**	—	582	582
Common stock:						
International equities	**249**	**—**	**249**	398	—	398
U.S. equities	**205**	**—**	**205**	361	—	361
Asset backed securities	**—**	**203**	**203**	—	185	185
Other, net	**(6)**	**98**	**92**	(15)	99	84
	$ 448	**$ 5,877**	**$ 6,325**	$ 744	$ 5,069	$ 5,813
Investments measured at NAV as a practical expedient for fair value:						
Collective investment funds						
U.S. large cap			**$ 259**			$ 445
U.S. small cap			**17**			100
International developed markets			**27**			53
Total investments measured at NAV			**$ 303**			$ 598
Other			**122**			134
Fair value of plan assets, net			**$ 6,750**			$ 6,545

Level 3 holdings and transactions were immaterial relative to total plan assets at December 31, 2025 and 2024.

The fair values of our postretirement plan assets were as follows at December 31:

	2025			2024		
(in millions)	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
U.S. and foreign government securities or their agencies:						
U.S. government and agencies	**$ —**	**$ 2**	**$ 2**	$ —	$ 1	$ 1
Foreign government and agencies	**—**	**2**	**2**	—	2	2
Corporate debt instruments:						
Above investment grade	**—**	**20**	**20**	—	24	24
Below investment grade and no rating	**—**	**2**	**2**	—	2	2
Other, net	**—**	**7**	**7**	—	8	8
	$ —	**$ 33**	**$ 33**	$ —	$ 37	$ 37
Investments measured at NAV as a practical expedient for fair value:						
Collective investment funds:						
U.S. large cap			**$ 25**			$ 35
International developed markets			**13**			12
Total investments measured at NAV			**$ 38**			$ 47
Other			**(1)**			—
Fair value of plan assets, net			**$ 70**			$ 84

There were no Level 3 postretirement plan holdings or transactions during 2025 and 2024.

For a description of the fair value hierarchy and the three levels of inputs used to measure fair value, see Note 2. *Summary of Significant Accounting Policies*.

Following is a description of the valuation methodologies used for investments measured at fair value.

- *U.S. and Foreign Government Securities*: U.S. and foreign government securities consist of investments in Treasury Nominal Bonds and Inflation Protected Securities, agency bonds and municipal securities. Government securities are valued at a price that is based on a compilation of primarily observable market information, such as broker quotes. Matrix pricing, yield curves and indices are used when broker quotes are not available.
- *Corporate Debt Instruments*: Corporate debt instruments are valued at a price that is based on a compilation of primarily observable market information, such as broker quotes. Matrix pricing, yield curves and indices are used when broker quotes are not available.
- *Common Stock*: Common stocks are valued based on the price of the security as listed on an open active exchange on last trade date.
- *Asset Backed Securities*: Asset backed securities are fixed income securities such as mortgage backed securities, syndicated bank loans and auto loans that are collateralized by pools of underlying assets. They are valued at a price that is based on a compilation of primarily observable market information or a broker quote in a non-active over-the-counter market.
- *Collective Investment Funds*: Collective investment funds consist of funds that are intended to mirror indices such as Standard & Poor's 500 Index and MSCI EAFE Index. They are valued on the basis of the relative interest of each participating investor in the fair value of the underlying assets of each of the respective collective investment funds, which are valued based on the net asset value ("NAV"), and are provided by the investment account manager as a practical expedient to estimate fair value. These investments are not classified by level but are disclosed to permit reconciliation to the fair value of plan assets.

Cash Flows: We make contributions to our pension plans to the extent that the contributions are tax deductible and pay benefits that relate to plans for salaried employees that cannot be funded under IRS regulations. Currently, we anticipate making employer contributions in 2026 to our pension and postretirement plans of up to approximately $60 million and $100 million, respectively. However, the foregoing estimates of 2026 contributions are subject to change as a result of changes in tax and other benefit laws, changes in interest rates, as well as asset performance significantly above or below the assumed long-term rate of return for each respective plan.

Estimated future benefit payments at December 31, 2025 were as follows:

(in millions)	Pension	Postretirement
2026	$ 528	$ 82
2027	482	81
2028	482	81
2029	481	82
2030	481	82
2031-2035	2,330	416

Comprehensive Earnings/Losses

We recorded the following amounts in accumulated other comprehensive losses at December 31, 2025:

(in millions)	Pension	Post-retirement	Post-employment	Total
Net (loss) gain	$ (2,164)	$ 142	$ (54)	$ (2,076)
Prior service (cost) credit	(12)	175	(5)	158
Deferred income taxes	566	(78)	15	503
Amounts recorded in accumulated other comprehensive losses	$ (1,610)	$ 239	$ (44)	$ (1,415)

We recorded the following amounts in accumulated other comprehensive losses at December 31, 2024:

(in millions)	Pension	Post-retirement	Post-employment	Total
Net (loss) gain	$ (2,213)	$ 172	$ (45)	$ (2,086)
Prior service (cost) credit	(13)	216	(5)	198
Deferred income taxes	578	(95)	13	496
Amounts recorded in accumulated other comprehensive losses	$ (1,648)	$ 293	$ (37)	$ (1,392)

The movements in other comprehensive earnings (losses) for the year ended December 31, 2025 were as follows:

(in millions)	Pension	Post-retirement	Post-employment	Total
Amounts reclassified to net earnings as components of net periodic benefit cost (income):				
Amortization:				
Net loss (gain)	$ 50	$ (12)	$ 7	$ 45
Prior service cost (credit)	5	(41)	—	(36)
Deferred income taxes	(13)	13	(2)	(2)
	$ 42	$ (40)	$ 5	$ 7
Other movements during the year:				
Net (loss) gain	$ (1)	$ (18)	$ (16)	$ (35)
Prior service (cost) credit	(4)	—	—	(4)
Deferred income taxes	1	4	4	9
	$ (4)	$ (14)	$ (12)	$ (30)
Total movements in other comprehensive earnings (losses)	$ 38	$ (54)	$ (7)	$ (23)

The movements in other comprehensive earnings (losses) for the year ended December 31, 2024 were as follows:

(in millions)	Pension	Post-retirement	Post-employment	Total
Amounts reclassified to net earnings as components of net periodic benefit cost (income):				
Amortization:				
Net loss (gain)	$ 28	$ (6)	$ 7	$ 29
Prior service cost (credit)	5	(41)	—	(36)
Deferred income taxes	(8)	12	(2)	2
	$ 25	$ (35)	$ 5	$ (5)
Other movements during the year:				
Net (loss) gain	$ (5)	$ 159	$ (13)	$ 141
Prior service (cost) credit	—	1	—	1
Deferred income taxes	1	(40)	3	(36)
	$ (4)	$ 120	$ (10)	$ 106
Total movements in other comprehensive earnings (losses)	$ 21	$ 85	$ (5)	$ 101

The movements in other comprehensive earnings (losses) for the year ended December 31, 2023 were as follows:

(in millions)	Pension	Post-retirement	Post-employment	Total
Amounts reclassified to net earnings as components of net periodic benefit cost (income):				
Amortization:				
Net loss (gain)	$ 4	$ (2)	$ 6	$ 8
Prior service cost (credit)	6	(40)	—	(34)
Deferred income taxes	(2)	11	(1)	8
	$ 8	$ (31)	$ 5	$ (18)
Other movements during the year:				
Net (loss) gain	$ (60)	$ 20	$ (11)	$ (51)
Prior service (cost) credit	—	3	—	3
Deferred income taxes	16	(10)	3	9
	$ (44)	$ 13	$ (8)	$ (39)
Total movements in other comprehensive earnings (losses)	$ (36)	$ (18)	$ (3)	$ (57)

Note 17. Additional Information

	For the Years Ended December 31,		
(in millions)	2025	2024	2023
Research and development expense	**$ 195**	$ 208	$ 220
Interest expense	**$ 1,177**	$ 1,124	$ 1,149
Interest income	**(98)**	(87)	(160)
Interest and other debt expense, net	**$ 1,079**	$ 1,037	$ 989

The activity in the allowance for discounts and allowance for returned goods [1] was as follows:

	For the Years Ended December 31,					
(in millions)	2025		2024		2023	
	Discounts	Returned Goods	Discounts	Returned Goods	Discounts	Returned Goods
Balance at beginning of year	**$ 3**	**$ 51**	$ —	$ 39	$ —	$ 41
Charged to costs and expenses	**579**	**132**	603	142	597	118
Deductions [2]	**(578)**	**(134)**	(600)	(130)	(597)	(120)
Balance at end of year	**$ 4**	**$ 49**	$ 3	$ 51	$ —	$ 39

[1] Primarily related to USSTC's policy to accept authorized sales returns from its customers for products that have passed the freshness date printed on product packaging due to the limited shelf life of USSTC's MST products.

[2] Represents the recording of discounts and returns for which allowances were created.

Note 18. Contingencies

Legal proceedings covering a wide range of matters are pending or threatened in various United States and foreign jurisdictions against Altria and certain of our subsidiaries, including PM USA and NJOY, as well as our indemnitees. Various types of claims may be raised in these proceedings, including product liability, unfair trade practices, antitrust, tax liability, contraband shipments, patent infringement, employment matters, environmental matters, claims alleging violation of the Racketeer Influenced and Corrupt Organizations Act ("RICO"), claims for contribution and claims of competitors, shareholders or distributors. Legislative action, such as changes to tort law, also may expand the types of claims and remedies available to plaintiffs.

Litigation is subject to uncertainty, and it is possible that there could be adverse developments in pending or future cases. An unfavorable outcome or settlement of pending tobacco-related or other litigation could encourage the commencement of additional litigation. Damages claimed in some tobacco-related and other litigation are or can be significant and, in certain cases, have ranged in the billions of dollars. The variability in pleadings in multiple jurisdictions, together with the actual experience of management in litigating claims, demonstrates that the monetary relief that may be specified in a lawsuit bears little relevance to the ultimate outcome. In certain cases, plaintiffs claim that defendants' liability is joint and several. In such cases, we may face the risk that one or more co-defendants decline or otherwise fail to participate in the bonding required for an appeal or to pay their proportionate or jury-allocated share of a judgment. As a result, under certain circumstances, we may have to pay more than our proportionate share of any bonding- or judgment-related amounts. Furthermore, in those cases where plaintiffs are successful, we also may be required to pay interest and attorneys' fees.

Although PM USA historically has been able to obtain required bonds or relief from bonding requirements in order to prevent plaintiffs from seeking to collect judgments while adverse verdicts have been appealed, there remains a risk that such relief may not be obtainable in all cases. This risk has been substantially reduced given that 47 states and Puerto Rico limit the dollar amount of bonds or require no bond at all. However, tobacco litigation plaintiffs have challenged the constitutionality of Florida's bond cap statute in several cases, and plaintiffs may challenge state bond cap statutes in other jurisdictions as well. Such challenges may include the applicability of state bond caps in federal court. States, including Florida, also may seek to repeal or alter bond cap statutes through legislation. Although we cannot predict the outcome of such challenges, it is possible that our consolidated results of operations, cash flows or financial position could be materially affected in a particular fiscal quarter or fiscal year by an unfavorable outcome of one or more such challenges.

We record provisions in our consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. At the present time, while it is reasonably possible that an unfavorable outcome in a case may occur, except to the extent discussed elsewhere in this Note 18. *Contingencies*: (i) management has concluded that it is not probable that a loss has been incurred in any of the pending cases; (ii) management is unable to estimate the possible loss or range of loss that could result from an unfavorable outcome in any of the pending cases; and (iii) accordingly, management has not provided any amounts in our consolidated financial statements for unfavorable outcomes, if any. Litigation defense costs are expensed as incurred.

We have achieved substantial success in managing litigation. Nevertheless, litigation is subject to uncertainty and significant challenges remain. It is possible that our consolidated results of operations, cash flows or financial position could be materially affected in a particular fiscal quarter or fiscal year by an unfavorable outcome or settlement of certain pending litigation. We believe, and have been so advised by counsel handling the respective cases, that we have valid defenses to the litigation pending against us, as well as valid bases for appeal of adverse verdicts. We have defended, and will continue to defend, vigorously against litigation challenges. However, we may enter into settlement discussions in particular cases if we believe it is in our best interests to do so.

Judgments Paid and Provisions for Tobacco and Health (Including *Engle* Progeny Litigation) and Certain Other Litigation Items: The changes in our accrued liability for tobacco and health and certain other litigation items, including related interest costs, for the periods specified below are as follows:

(in millions)	2025	2024	2023
Accrued liability for tobacco and health and certain other litigation items at beginning of period	**$ 96**	$ 346	$ 71
Pre-tax charges for:			
Tobacco and health and certain other litigation [1]	**55**	70	79
Shareholder derivative lawsuits [2]	**—**	—	98
JUUL-related settlements [3]	**—**	30	242
Related interest costs	**3**	1	11
Payments	**(83)**	(351)	(155)
Accrued liability for tobacco and health and certain other litigation items at end of period	**$ 71**	$ 96	$ 346

[1] Includes judgments, settlements and fee disputes associated with tobacco and health and certain other litigation.

[2] See *Federal and State Shareholder Derivative Lawsuits* below for a discussion of the settlement of the federal and state shareholder derivative lawsuits.

[3] Includes the settlement of certain e-vapor product litigation relating to JUUL e-vapor products. See *E-vapor Product Litigation* below for a discussion of these settlements.

The accrued liability for tobacco and health and certain other litigation items, including related interest costs, was included in accrued liabilities and other liabilities on our consolidated balance sheets. Pre-tax charges except for related interest costs were included in marketing, administration and research costs in our consolidated statements of earnings. Pre-tax charges for related interest costs were included in interest and other debt expense, net in our consolidated statements of earnings.

Since October 2004, PM USA has paid judgments and settlements (including related costs and fees) totaling approximately $1.1 billion and interest totaling approximately $245 million as of December 31, 2025. These amounts include payments for *Engle* progeny judgments (and related costs and fees) totaling approximately $453 million and related interest totaling approximately $62 million.

Security for Judgments: To obtain stays of judgments pending appeal, PM USA has posted various forms of security. As of December 31, 2025, PM USA has posted appeal bonds totaling approximately $18 million, which have been collateralized with restricted cash and are included in assets on our consolidated balance sheets.

Overview of Tobacco-Related Litigation

Types and Number of U.S. Cases: Claims related to tobacco products generally fall within the following categories: (i) smoking and health cases alleging personal injury brought on behalf of individual plaintiffs; (ii) health care cost recovery cases brought by governmental (both domestic and foreign) plaintiffs seeking reimbursement for health care expenditures allegedly caused by cigarette smoking and/or disgorgement of profits; (iii) e-vapor cases alleging violation of RICO, fraud, failure to warn, design defect, negligence, antitrust, patent infringement and unfair trade practices; and (iv) other tobacco-related litigation described below. Plaintiffs' theories of recovery and the defenses raised in tobacco-related litigation are discussed below.

The table below lists the number of certain tobacco-related cases pending in the United States against us as of December 31:

	2025	2024	2023
Individual Smoking and Health Cases [1]	**182**	180	172
Health Care Cost Recovery Actions	**1**	1	1
E-vapor Cases [2]	**16**	24	5,177
Other Tobacco-Related Cases [3]	**3**	3	3

[1] Includes as of December 31, 2025, 29 cases filed in Illinois, nine cases filed in New Mexico, 79 cases filed in Massachusetts, 15 cases filed in Oregon, eight cases filed in Hawaii, 11 cases filed in the U.S. Virgin Islands and eight non-*Engle* cases filed in Florida. Does not include individual smoking and health cases brought by or on behalf of plaintiffs in Florida state and federal courts following the decertification of the *Engle* class (these *Engle* progeny cases are discussed below in *Smoking and Health Litigation - Engle Progeny Cases*).

[2] In May 2023, we reached agreement on terms to resolve the majority of the Multidistrict Litigation lawsuits, and, in March 2024, the court granted final approval of the settlement. Pending final dismissal of these cases, as of December 31, 2025, the remaining cases include 11 individual cases that opted out of the settlement, four class action lawsuits pending in Canada and one individual state court case relating to the Multidistrict Litigation. For further discussion of the Multidistrict Litigation settlement, see *E-vapor Product Litigation* below.

[3] See *Certain Other Tobacco-Related Litigation - "Lights/Ultra Lights" Cases and Other Smoking and Health Class Actions* below.

International Tobacco-Related Cases: As of January 26, 2026, (i) Altria is named as a defendant in four e-vapor class action lawsuits in Canada; (ii) PM USA is a named defendant in 10 health care cost recovery actions in Canada, eight of which also name Altria as a defendant; and (iii) PM USA and Altria are named as defendants in seven smoking and health class actions filed in various Canadian provinces. See *Smoking and Health Litigation - Other Smoking and Health Class Actions* below for a discussion of the smoking and health class actions filed in various Canadian Provinces. Also, see *Guarantees and Other Similar Matters* below for a discussion of the Distribution Agreement (defined below) between Altria and PMI that provides for indemnities for certain liabilities concerning tobacco products.

Tobacco-Related Cases Set for Trial: As of January 26, 2026, two *Engle* progeny cases, one individual smoking and health cases and no e-vapor cases are set for trial through March 31, 2026. Trial dates are subject to change.

Trial Results: Since January 1999, excluding the *Engle* progeny cases (separately discussed below), verdicts have been returned in 87 tobacco-related cases in which PM USA was a defendant. Verdicts in favor of PM USA and other defendants were returned in 53 of the 87 cases. Of the 34 non-*Engle* progeny cases in which verdicts were returned in favor of plaintiffs, 28 have reached final resolution.

See *Smoking and Health Litigation - Engle Progeny Trial Results* below for a discussion of verdicts in state and federal *Engle* progeny cases involving PM USA as of January 26, 2026.

Smoking and Health Litigation

Overview: Plaintiffs' allegations of liability in smoking and health cases are based on various theories of recovery, including negligence, gross negligence, strict liability, fraud, misrepresentation, design defect, failure to warn, nuisance, breach of express and implied warranties, breach of special duty, conspiracy, concert of action, violations of unfair trade practice laws and consumer protection statutes and claims under the federal and state anti-racketeering statutes. Plaintiffs in the smoking and health cases seek various forms of relief, including compensatory and punitive damages, treble/multiple damages and other statutory damages and penalties, creation of medical monitoring and smoking cessation funds, disgorgement of profits, and injunctive and equitable relief. Defenses raised in these cases include lack of proximate cause, assumption of the risk, comparative fault and/or contributory negligence, statutes of limitations and preemption by the Federal Cigarette Labeling and Advertising Act.

Non-*Engle* Progeny Litigation: The charts below summarize the verdicts in and post-trial status of certain non-*Engle* progeny smoking and health cases in which verdicts were returned in favor of plaintiffs. The first chart lists cases that are pending as of January 26, 2026 where PM USA has determined an unfavorable outcome is not probable and the amount of loss cannot be reasonably estimated, and the second chart lists cases that have concluded in the past 12 months where PM USA paid a final judgment. In this Note 18. *Contingencies*, references to "R.J. Reynolds" are to R.J. Reynolds Tobacco Company. Unless otherwise noted for a particular case, the jury's award for compensatory damages will not be reduced by any finding of plaintiff's comparative fault. Further, the damages noted reflect adjustments based on post-trial or appellate rulings. A chart listing certain verdicts for plaintiffs in pending *Engle* progeny cases can be found in *Smoking and Health Litigation - Engle Progeny Trial Results* below.

Currently Pending Non-Engle Cases with Verdicts against PM USA
(rounded to nearest $ million)

Plaintiff	Verdict Date	Defendant(s)	State	Compensatory Damages [1]	Punitive Damages (PM USA)	Post-Trial Status
Petruzziello	November 2025	PM USA R.J. Reynolds	MA	<$1 million	$0	Plaintiff has filed a motion for a new trial.
Perez-Trinidad	October 2025	PM USA R.J. Reynolds	MA	$1 million	$5.5 million	PM USA intends to appeal.
Amaral	March 2025	PM USA R.J. Reynolds	MA	$4 million	$25 million	PM USA has filed post-trial motions challenging the verdict and, if necessary, will appeal.
Taylor	April 2024	PM USA	OR	<$1 million	$0	PM USA filed post-trial motions, which were denied, and PM USA filed a notice of appeal of the final judgment and the trial court's denial of the post-trial motions.
Ricapor-Hall	August 2023	PM USA	HI	$6 million ($3 million)	$8 million	PM USA's appeal and plaintiff's cross-appeal remain pending. In April 2025, the Hawaii Supreme Court granted plaintiff's application to transfer the appeal to that Court from the Intermediate Court of Appeals.
Fontaine	September 2022	PM USA	MA	$8 million	$56 million	PM USA's appeal remains pending. In May 2025, the Massachusetts Supreme Judicial Court took jurisdiction over the appeal from the Appeals Court of Massachusetts.

[1] PM USA's portion of the compensatory damages award is noted parenthetically where the court has ruled that comparative fault applies.

Non-Engle Cases Concluded in Past 12 Months
(rounded to nearest $ million)

Plaintiff	Verdict Date	Defendant(s)	State	Payment Amount for Damages (if any)
Woodley	August 2023	PM USA	MA	$5 million

***Engle* Progeny Cases:** *Engle* progeny cases are individual smoking and health lawsuits filed by Florida resident plaintiffs against one or more cigarette manufacturer defendants. The lawsuits arose following the Florida Supreme Court's decertification of the class in *Engle, et. al. v. R.J. Reynolds Tobacco Co., et. al.*, a smoking and health class action lawsuit filed in Florida state court against multiple defendants, including PM USA, in which the jury returned a verdict in favor of the plaintiff class and the trial court assessed punitive damages against the defendants. In July 2006, the Florida Supreme Court mandated that the trial court's punitive damages award be vacated, that the class approved by the trial court be decertified and that members of the decertified class could file individual actions against defendants within one year of issuance of the mandate. Plaintiffs in *Engle* progeny lawsuits are entitled to rely on certain liability findings from the class action lawsuit, substantially reducing each plaintiff's burden of proof. These liability findings stipulate: (i) that smoking causes various diseases; (ii) that nicotine in cigarettes is addictive; (iii) that defendants' cigarettes were defective and unreasonably dangerous; (iv) that defendants concealed or omitted material information not otherwise known or available knowing that the material was false or misleading or failed to disclose a material fact concerning the health effects or addictive nature of smoking; (v) that defendants agreed to conceal or omit information regarding the health effects of cigarettes or their addictive nature with the intention that smokers would rely on the information to their detriment; (vi) that defendants sold or supplied cigarettes that were defective; and (vii) that defendants were negligent.

Pending *Engle* Progeny Cases: The deadline for filing *Engle* progeny cases expired in January 2008, at which point a total of approximately 9,300 federal and state claims were pending. As of January 26, 2026, approximately 48 state court cases were pending against PM USA or Altria. Each federal *Engle* progeny case has been resolved.

***Engle* Progeny Trial Results:** As of January 26, 2026, 147 federal and state *Engle* progeny cases involving PM USA have resulted in verdicts. Eighty-eight were returned in favor of plaintiffs, four of which have been reversed post-trial or on appeal and remain pending. Fifty-nine verdicts were returned in favor of PM USA, one of which has been reversed post-trial or on appeal and remains pending. In addition, there have been a number of mistrials, only some of which have resulted in new trials as of January 26, 2026.

Post-trial activity in a case can result in a final resolution that differs from the initial verdict. In many cases, parties have appealed either compensatory or punitive damages awards or both. Courts also have increased and decreased the amounts of compensatory damages juries have awarded, decreased the amounts of punitive damages juries have awarded, declared mistrials and vacated judgments, in whole or in part, with respect to compensatory and punitive damages awards. Initial verdicts have been reversed in whole or in part on appeal or following retrial. Juries have returned verdicts in favor of or against PM USA awarding no damages. In cases where juries returned verdicts against PM USA awarding no damages, some trial courts have decided to award plaintiff damages notwithstanding the verdict. Cases also have been dismissed with or without prejudice before or after a verdict.

The charts below list the verdicts in and post-trial status of certain *Engle* progeny cases in which verdicts were returned in favor of plaintiffs. The first chart lists cases that are pending as of January 26, 2026 where PM USA has determined an unfavorable outcome is not probable and the amount of loss cannot be reasonably estimated, and the second chart lists cases that have concluded in the past 12 months. Unless otherwise noted for a particular case, the jury's award for compensatory damages will not be reduced by any finding of plaintiff's comparative fault. Further, the damages noted reflect adjustments based on post-trial or appellate rulings.

Currently Pending Engle Cases with Verdicts against PM USA
(rounded to nearest $ million)

Plaintiff	Verdict Date	Defendant(s)	Court	Compensatory Damages [1]	Punitive Damages (PM USA)	Post-Trial Status
Garcia	June 2024	PM USA	Miami-Dade	$2 million	$10 million	Appeals to the Third District Court of Appeal pending.

[1] PM USA's portion of the compensatory damages award is noted parenthetically where the court has ruled that comparative fault applies.

Engle Cases Concluded in Past 12 Months
(rounded to nearest $ million)

Plaintiff	Verdict Date	Defendant(s)	Court	Payment Amount for Damages (if any)
Chacon	October 2023	PM USA	Miami-Dade	$1 million
McCall	October 2023	PM USA	Broward	<$1 million

Other Smoking and Health Class Actions: Since the dismissal in May 1996 of a purported nationwide class action brought on behalf of allegedly addicted smokers, plaintiffs have filed numerous putative smoking and health class action suits in various state and federal courts. In general, these cases have purported to be brought on behalf of residents of a particular state or states (although a few cases have purported to be nationwide in scope) and have raised addiction claims and, in many cases, claims of physical injury as well.

Class certification has been denied or reversed by courts in approximately 60 smoking and health class actions involving PM USA. See *Certain Other Tobacco-Related Litigation* below for a discussion of "Lights" and "Ultra Lights" class action cases and medical monitoring class action cases pending against PM USA.

As of January 26, 2026, PM USA and Altria are named as defendants, along with other cigarette manufacturers, in seven class actions filed in the Canadian provinces of Alberta, Manitoba, Nova Scotia, Saskatchewan, British Columbia and Ontario. In Saskatchewan, British Columbia (two separate cases) and Ontario, plaintiffs seek class certification on behalf of individuals who suffer or have suffered from various diseases, including chronic obstructive pulmonary disease, emphysema, heart disease or cancer, after smoking defendants' cigarettes. In the actions filed in Alberta, Manitoba and Nova Scotia, plaintiffs seek certification of classes of all individuals who smoked defendants' cigarettes. In March 2019, all of these class actions were stayed as a result of three Canadian tobacco manufacturers (none of which is related to us) seeking protection under Canada's Companies' Creditors Arrangement Act (which is similar to Chapter 11 bankruptcy in the United States). The companies entered into these proceedings following a Canadian appellate court upholding two smoking and health class action verdicts against those companies totaling approximately CAD $13 billion. In August 2025, a plan for those companies was implemented, under which those companies agreed, among other things, to pay an aggregate global settlement amount of CAD $32.5 billion to resolve all tobacco product-related claims and litigation in Canada. Under the plan, Altria and PM USA have obtained releases of claims and the related litigation against them will be dismissed. Pursuant to the indemnification obligations in the Distribution Agreement, neither Altria nor PM USA is responsible for any payments required to resolve the Canadian litigation. See *Guarantees and Other Similar Matters* below for a discussion of the Distribution Agreement between Altria and PMI, which provides for indemnities for certain liabilities concerning tobacco products.

Health Care Cost Recovery Litigation

Overview: In the health care cost recovery litigation, governmental entities seek reimbursement of health care cost expenditures allegedly caused by tobacco products and, in some cases, of future expenditures and damages. Relief sought by some but not all plaintiffs includes punitive damages, multiple damages and other statutory damages and penalties, injunctions prohibiting alleged marketing and sales to minors, disclosure of research, disgorgement of profits, funding of anti-smoking programs, additional disclosure of nicotine yields, and payment of attorney and expert witness fees.

Although there have been some decisions to the contrary, most judicial decisions in the United States have dismissed all or most health care cost recovery claims against cigarette manufacturers. Nine federal circuit courts of appeals and eight state appellate courts, relying primarily on grounds that plaintiffs' claims were too remote, have ordered or affirmed dismissals of health care cost recovery actions. The U.S. Supreme Court has refused to consider plaintiffs' appeals from the cases decided by five federal circuit courts of appeal.

In addition to the cases brought in the United States, health care cost recovery actions have been brought against tobacco industry participants, including PM USA and Altria, in Canada (10 cases), and other entities have stated that they are considering filing such actions.

Since the beginning of 2008, the Canadian Provinces of British Columbia, New Brunswick, Ontario, Newfoundland and Labrador, Quebec, Alberta, Manitoba, Saskatchewan, Prince Edward Island and Nova Scotia have brought health care reimbursement claims against cigarette manufacturers. PM USA is named as a defendant in the British Columbia and Quebec cases, while both Altria and PM USA are named as defendants in the New Brunswick, Ontario, Newfoundland and Labrador, Alberta, Manitoba, Saskatchewan, Prince Edward Island and Nova Scotia cases. The Nunavut Territory and Northwest Territory have passed legislation permitting similar claims, but lawsuits based on this legislation have not been filed. All of these cases were stayed pending resolution of proceedings in Canada involving three tobacco manufacturers (none of which are affiliated with us) under the Companies' Creditors Arrangement Act discussed above. As discussed above, in August 2025, a plan for those companies was implemented. See *Smoking and Health Litigation - Other Smoking and Health Class Actions* above for a discussion of these proceedings. See *Guarantees and Other Similar Matters* below for a discussion of the Distribution Agreement between Altria and PMI that provides for indemnities for certain liabilities concerning tobacco products.

Settlements of Health Care Cost Recovery Litigation: In November 1998, PM USA and certain other tobacco product manufacturers entered into the Master Settlement Agreement (the "MSA") with 46 states, the District of Columbia and certain United States territories to settle asserted and unasserted health care cost recovery and other claims. PM USA and certain other tobacco product manufacturers had previously entered into agreements to settle similar claims brought by the States of Mississippi, Florida, Texas and Minnesota (together with the MSA, the "State Settlement Agreements"). The State Settlement Agreements require that the original participating manufacturers or "OPMs" (now PM USA, R.J. Reynolds and, with respect to certain brands, ITG Brands, LLC ("ITG")) make annual payments of approximately $10.4 billion, subject to adjustments for several factors, including inflation, market share and industry volume. The OPMs' obligation to make quarterly payments settling plaintiffs' attorneys' fees, subject to an annual cap of $500 million, on a pro rata basis based on market share, ended in the fourth quarter of 2024. For the years ended December 31, 2025, 2024 and 2023, the aggregate amount recorded in cost of sales with respect to the State Settlement Agreements was approximately $3.0 billion, $3.5 billion and $3.7 billion, respectively. These amounts include PM USA's estimate of amounts related to NPM Adjustments discussed below.

Non-Participating Manufacturer ("NPM") Adjustment Disputes: The "NPM Adjustment" is a reduction in MSA payments made by the OPMs and those manufacturers that are subsequent signatories to the MSA (collectively, the "participating manufacturers" or "PMs") that applies if the PMs collectively lose at least a specified level of market share to non-participating manufacturers since 1997, subject to certain conditions and defenses. The applicability of this reduction has been subject to certain disputes, some of which have been resolved via settlement, as discussed below.

Settlements of NPM Adjustment Disputes.

- *Multi-State Settlement*. As of December 2025, a total of 39 states and territories had joined the multi-state settlement. Pursuant to this settlement, PM USA has received $1.47 billion since 2014 and expects to receive annual credits applied against PM USA's MSA payments through 2041.
- *New York Settlement.* In 2015, PM USA entered into a separate NPM Adjustment settlement in which PM USA settled the NPM Adjustment disputes with the State of New York in perpetuity. PM USA has received $646 million pursuant to the New York settlement and expects to receive annual credits applied against the MSA payments due to the State of New York going forward.
- *Montana Settlement*. In 2020, PM USA entered into a separate NPM Adjustment settlement in which PM USA settled the NPM Adjustment disputes with the State of Montana through 2030, resulting in a payment from PM USA to the State of Montana for an insignificant amount.
- *Massachusetts Settlement*. In 2024, PM USA entered into a separate NPM Adjustment settlement in which PM USA settled the NPM Adjustment disputes with the Commonwealth of Massachusetts through 2011. As a result of this settlement, PM USA expects to receive $28 million in April 2026. Accordingly, PM USA recorded $28 million as a reduction in costs of sales in the third quarter of 2024.
- *Washington Settlement.* In 2025, PM USA entered into a separate NPM Adjustment settlement in which PM USA settled the NPM Adjustment disputes with the State of Washington through 2015. As a result of this settlement, PM USA will receive $53 million as a credit against its MSA payment due in 2026. In addition to the amounts recorded in the fourth quarter of 2023 discussed below in connection with the 2005 through 2007 NPM Adjustments, PM USA recorded a $22 million reduction in costs of sales and $4 million of interest expense in the fourth quarter of 2025.
- *U.S. Territories Settlement*. In 2025, PM USA entered into a separate NPM Adjustment settlement in which PM USA settled the NPM Adjustment disputes with American Samoa, Guam, the Commonwealth of the Northern Mariana Islands and the U.S. Virgin Islands through 2024. As a result of this settlement, PM USA will receive a credit in an insignificant amount applied against its April 2026 MSA payment to those territories. Accordingly, PM USA recorded an insignificant amount as a reduction in cost of sales in the third quarter of 2025.

Continuing NPM Adjustment Disputes with States That Have Not Settled.

- *2004 NPM Adjustment.* The PMs and 10 states that had not settled the NPM Adjustment disputes for 2004 participated in a multi-state arbitration. The arbitration panel found three of these states (Washington, Missouri and New Mexico) were not diligent in the enforcement of their escrow statutes in 2004, and PM USA received approximately $52 million on account of the 2004 NPM Adjustment as a credit against its April 2023 MSA payment. The State of New Mexico challenged the determination in its state court, and the trial court vacated the award. PM USA appealed, and the New Mexico Court of Appeals reinstated the award. The appellate court's ruling remains subject to appeal, and the outcome of an appeal may affect the final amount of the 2004 NPM adjustment PM USA and other PMs will receive.
- *2005-2007 NPM Adjustments.* The PMs and six states that had not settled the NPM Adjustment disputes are currently arbitrating certain NPM Adjustment disputes before a single arbitration panel. The arbitration encompasses three years, 2005 through 2007, for five of the six states, and one year, 2005, for one state. As of January 26, 2026, the arbitration panel found the States of Maryland, Wisconsin and Ohio diligent for all three years and the State of Washington not diligent for all three years. The State of Washington subsequently settled, as discussed above. PM USA recorded $14 million as a reduction of costs of sales and $21 million as interest income in the fourth quarter of 2023 for its estimate of the minimum amount of the 2005 through 2007 NPM Adjustments it will receive.
- *Subsequent Years.* No assurance can be given as to when proceedings for 2008 and subsequent years will be scheduled or the precise form those proceedings will take.

Other Disputes under the State Settlement Agreements: The payment obligations of the tobacco product manufacturers that are parties to the State Settlement Agreements, as well as the allocations of any NPM Adjustments and related settlements, have been and may continue to be affected by R.J. Reynolds's acquisition of Lorillard Tobacco Company in 2015 and its related sale of certain cigarette brands to ITG (the "ITG transferred brands"). PM USA continues to dispute how the ITG transferred brands are treated in allocating the NPM Adjustments and profit adjustments under the State Settlement Agreements.

In December 2019, the State of Mississippi filed a motion in Mississippi state court seeking to enforce the Mississippi State Settlement Agreement against PM USA, R.J. Reynolds and ITG concerning the tax rates used in the annual calculation of the net operating profit adjustment payments starting in 2018. In September 2024, PM USA and the State of Mississippi settled their dispute over the profit adjustment payments. Pursuant to the settlement, PM USA paid $7 million to the State of Mississippi for 2018 through 2023. Accordingly, PM USA recorded $5 million of expense to cost of sales and $2 million of interest expense in the third quarter of 2024.

In May 2023, PM USA and R.J. Reynolds filed a motion in the U.S. District Court for the Eastern District of Texas seeking to enforce the Texas State Settlement Agreement against the State of Texas concerning the same tax rate issue raised by the State of Mississippi. The State of Texas filed a cross-motion to enforce, and the court found in favor of the State of Texas. In March 2025, the court issued a final order in the matter, finding that PM USA owes $31 million to the State of Texas, plus pre- and post-judgment interest. PM USA has appealed, and the appeal remains pending.

In July 2024, the State of Minnesota filed a motion in Minnesota state court seeking to enforce the Minnesota State Settlement Agreement against PM USA, R.J. Reynolds and ITG concerning the same tax rate issues raised by the States of Mississippi and Texas. The court found in favor of the State of Minnesota. In October 2025, the court issued an order as to damages, finding that PM USA owes the State of Minnesota $10 million plus pre- and post-judgment interest. PM USA intends to appeal.

E-vapor Product Litigation

We have been named as defendants in federal class action lawsuits, individual lawsuits and "third party" lawsuits relating to JUUL e-vapor products, which include school districts, state and local governments and tribal and healthcare organization lawsuits. We refer to this litigation in the United States collectively as the "Multidistrict Litigation." The theories of recovery in the Multidistrict Litigation include violation of RICO, fraud, failure to warn, design defect, negligence, public nuisance and unfair trade practices. Plaintiffs seek various remedies, including compensatory and punitive damages, restitution or remediation (for plaintiffs that are government entities) and an injunction prohibiting product sales. We also have been named as defendants in a group of cases pending in a consolidated California state court proceeding.

In May 2023, we reached agreement on terms to resolve the majority of the Multidistrict Litigation lawsuits as well as the majority of the group of cases pending in the consolidated California state court proceeding for $235 million, for which amount we recorded a pre-tax provision in the second quarter of 2023. In March 2024, the court granted final approval of the class action settlement, and we paid the settlement amount in the second quarter of 2024. The settlement applies to all of the Multidistrict Litigation except 11 individual cases that opted out of the settlement, all of the consolidated California cases except nine individual cases that opted out of the settlement and 38 "third party" cases brought by Native American tribes. We separately agreed to settle the cases brought by Native American tribes in July 2024, and these cases have been dismissed. We recorded a pre-tax provision for $20 million in the second quarter of 2024 related to the Native American tribes settlement and paid the settlement amount in October 2024. Neither settlement applies to four class action lawsuits pending in Canada or 17 putative class action antitrust lawsuits. For a description of the antitrust cases not subject to the settlement, see *Antitrust Litigation* below.

E-vapor Patent Litigation

JUUL Patent Litigation: In May 2023, Fuma International LLC ("Fuma") filed a lawsuit against Altria and our affiliates Nu Mark LLC ("Nu Mark"), AGDC, ALCS and NJOY in the U.S. District Court for the Eastern District of Virginia asserting claims of patent infringement based on the sale of various Nu Mark and NJOY products, including *NJOY ACE*, in the United States. In August 2023, we entered into an agreement with Fuma resulting in NJOY's acquisition of the patents that Fuma asserted in its lawsuit. The parties separately agreed that Fuma would dismiss its patent infringement claims in exchange for $10 million, and such claims were dismissed in August 2023. We recorded a pre-tax provision for $10 million in the third quarter of 2023 related to the agreement and paid such amount to Fuma in August 2023.

In June 2023, JUUL and VMR Products LLC ("VMR") filed a lawsuit against Altria and our affiliates AGDC, ALCS, NJOY Holdings, Inc. ("NJOY Holdings") and NJOY in the U.S. District Court for the District of Arizona asserting claims of patent infringement based on the sale of *NJOY ACE* in the United States. Plaintiffs seek various remedies, including damages and an injunction on sales of *NJOY ACE*. The lawsuit is currently stayed.

Also in June 2023, the same plaintiffs filed a related action against the same defendants with the ITC. There, the plaintiffs also allege patent infringement, but the remedies sought include an exclusion order that would prohibit the importation of *NJOY ACE* into the United States. No damages are recoverable in the proceedings before the ITC. In January 2025, following an initial determination by the Administrative Law Judge ("ALJ"), the ITC issued its final determination finding that *NJOY ACE* infringes the four patents plaintiff asserted and issued an exclusion order and cease-and-desist orders prohibiting the importation and sale of *NJOY ACE* in the United States. The orders became effective on March 31, 2025. We have appealed the orders to the U.S. Court of Appeals for the Federal Circuit. The orders will remain in effect during the pendency of the appeal.

In November and December 2023 and February 2024, Altria and our affiliates filed petitions with the U.S. Patent Office Patent Trial and Appeal Board ("PTAB") challenging the validity of the patents underlying JUUL and VMR's patent infringement claims. In May, June and August 2024, the PTAB denied Altria's requests to institute review as to four patents (including three of the patents that form the basis of the ITC's final determination) and, in June 2024, granted Altria's request to institute review as to one of the patents that forms the basis of the ITC's final determination. In June 2025, the PTAB issued its decision concluding that the patent it reviewed was valid. We have appealed the PTAB's decision to the U.S. Court of Appeals for the Federal Circuit.

In August 2023, NJOY filed a complaint against JUUL in the U.S. District Court for the District of Delaware asserting claims of patent infringement based on the sale of certain JUUL e-vapor products, including the currently marketed *JUUL* device and *JUULpods*, in the United States. The lawsuit was stayed pending the final determination of an ITC investigation NJOY filed against JUUL in August 2023 (discussed below). In October 2025, after the final determination of the corresponding ITC investigation, NJOY moved to lift the stay, and the court granted the motion. JUUL subsequently moved to re-stay the case.

Also in August 2023, NJOY filed a related action against JUUL with the ITC alleging patent infringement and seeking a ban on the importation and sale of the same JUUL products in the United States. In December 2024, the ALJ issued an initial determination concluding that, while the patents NJOY asserted against JUUL are valid, JUUL products do not infringe the patents. On review, the ITC affirmed the ALJ's initial determination that the JUUL products do not infringe the asserted patents and terminated the investigation. In May 2025, we appealed the ITC's final determination to the U.S. Court of Appeals for the Federal Circuit. Subsequently, in July 2025, we voluntarily dismissed the appeal and, in October 2025, moved to lift the stay on NJOY's lawsuit against JUUL in the U.S. District Court for the District of Delaware (discussed above).

In November 2023, JUUL filed petitions with the PTAB challenging the validity of the patents underlying NJOY's patent infringement claims. In May 2024, the PTAB agreed to review JUUL's challenge to both of the NJOY patents asserted against JUUL. In May 2025, the PTAB issued its decision concluding that the patents it reviewed were valid. The deadline to appeal the PTAB's decision has passed, and JUUL did not appeal.

In August 2025, JUUL filed an additional lawsuit against Altria and our affiliates AGDC, ALCS, NJOY Holdings and NJOY in the U.S. District Court for the District of Arizona asserting claims of patent infringement based on the sale of *NJOY Daily* in the United States. Plaintiff seeks various remedies, including damages and an injunction on sales of *NJOY Daily* and any other products NJOY may be developing or preparing for commercialization in the United States that would infringe JUUL's patent.

Also in August 2025, JUUL filed a related action against the same defendants with the ITC. There, JUUL also alleges patent infringement, but the remedies sought include an exclusion order that would prohibit the importation into the United States of *NJOY Daily* and any other products NJOY may be developing or preparing for commercialization in the United States that would infringe JUUL's patent. No damages are recoverable in the proceedings before the ITC. A hearing before the ALJ is scheduled for April 2026, and we expect an initial determination from the ALJ in September 2026, subject to the ALJ's ability to grant herself an extension. The ALJ's recommendation will be reviewed by the ITC, and we expect the ITC's final determination in January 2027, subject to the ITC's right to grant itself an extension.

In November 2025, Altria, AGDC, ALCS, NJOY Holdings and NJOY sued the ITC and the ALJ in the U.S. District Court for the Eastern District of Virginia, seeking to enjoin the ITC and ALJ from adjudicating JUUL's action. The lawsuit asserts that Altria and our affiliates are entitled to have JUUL's claims heard in a federal court and be tried to a jury, and that the ALJ is unconstitutionally appointed and shielded from removal by the President. Altria and our affiliates have moved for summary judgment and a preliminary injunction. Also in November 2025, NJOY Holdings and NJOY filed a petition with PTAB challenging the validity of the patent underlying JUUL's August 2025 actions.

In September 2025, NJOY filed an additional complaint against JUUL in the U.S. District Court for the District of Delaware asserting claims of patent infringement based on the sale of certain JUUL e-vapor products, including the currently marketed *JUUL* device and *JUULpods*, in the United States. Also in September 2025, NJOY, ALCS, and AGDC filed a related action against JUUL with the ITC alleging patent infringement and seeking a ban on the importation and sale of the same JUUL products in the United States. A hearing before the ALJ is scheduled for September 2026, and we expect an initial determination from the ALJ in December 2026, subject to the ALJ's ability to grant himself an extension. The ALJ's recommendation will be reviewed by the ITC, and we expect the ITC's final determination in April 2027, subject to the ITC's right to grant itself an extension.

R.J. Reynolds Patent Litigation: ALCS filed a lawsuit against R.J. Reynolds in the U.S. District Court for the Middle District of North Carolina alleging patent infringement by R.J. Reynolds' e-vapor products. In September 2022, a jury awarded ALCS $95 million in damages for past infringement, plus supplemental damages and interest. In January 2023, the court ordered R.J. Reynolds to pay ALCS a 5.25% royalty on future sales of its infringing product resulting in positive net income through the expiration of the relevant patents in 2035. R.J. Reynolds filed a notice of appeal of the judgment to the U.S. Court of Appeals for the Federal Circuit, which affirmed the judgment in December 2024. In August 2025, R.J. Reynolds petitioned the U.S. Supreme Court to review the federal appellate court's affirmance of the federal district court's judgment. In October 2025, the U.S. Supreme Court denied R.J. Reynolds' petition.

In July 2024, R.J. Reynolds moved the district court to vacate the judgment, including the damages awards and ongoing royalties, on the grounds that R.J. Reynolds obtained a sublicense to the asserted patents from JUUL in December 2023. In December 2024, the district court denied the motion as to the damages award and royalties due through December 2023. The district court also found that additional proceedings were warranted on the part of the motion regarding royalties after R.J. Reynolds obtained the sublicense. The district court has set an estimated timeframe to hold an evidentiary hearing for February or March 2026. Any gains related to this lawsuit remain subject to these district court proceedings. Accordingly, they have not yet been determined to be realized or realizable in accordance with GAAP and have not been recognized in our consolidated financial statements.

Antitrust Litigation

In March 2023, we entered into a stock transfer agreement with JUUL pursuant to which, among other things, we transferred to JUUL all of our beneficially owned JUUL equity securities.

As of January 26, 2026, 17 putative class action lawsuits have been filed against Altria and JUUL in the U.S. District Court for the Northern District of California. In November 2020, these lawsuits were consolidated into three complaints (one on behalf of direct purchasers, one on behalf of indirect purchasers and one on behalf of indirect resellers). The consolidated lawsuits, as amended, allege that Altria and JUUL violated Sections 1, 2 and/or 3 of the Sherman Antitrust Act of 1890 and Section 7 of the Clayton Antitrust Act and various state antitrust and consumer protection laws by restraining trade and/or substantially lessening competition in the U.S. closed-system electronic cigarette market. Plaintiffs seek various remedies, including treble damages, attorneys' fees, a declaration that the agreements between Altria and JUUL are invalid and rescission of the transaction. In February 2024, the court ordered that certain of the direct-purchaser plaintiffs' claims against JUUL be sent to arbitration pursuant to an arbitration provision in JUUL's online purchase agreement and dismissed without prejudice the direct-purchaser plaintiffs' claims for injunctive relief. In April 2025, plaintiffs voluntarily dismissed all monopolization claims and all claims against the Altria defendants under California's Unfair Competition Law. The trial with respect to the remaining claims in the consolidated lawsuits is set to commence in May 2026.

Federal and State Shareholder Derivative Lawsuits

In October 2022, we agreed to settle a series of federal and state derivative cases brought by Altria shareholders on behalf of themselves and Altria against Altria and certain of our current and former executives and directors and JUUL, its founders and certain of its current and former executives. The cases related to our former investment in JUUL and asserted claims of breach of fiduciary duty by the Altria defendants and aiding and abetting in that alleged breach of fiduciary duty by the remaining defendants.

Under the terms of the settlement, which became effective in May 2023, among other things, we agreed to provide $100 million in funding over a five-year period to underage tobacco prevention and cessation programs, which may include positive youth development programs, led by independent third-party organizations. We began providing funding in the third quarter of 2024. In 2022, we recorded pre-tax provisions totaling $27 million for costs associated with the independent monitoring of our funding commitments and attorneys' fees. In the first quarter of 2023, we recorded pre-tax provisions totaling approximately $100 million related to the settlement, and in April 2023, paid $15 million to plaintiffs' escrow account for attorneys' fees.

Certain Other Tobacco-Related Litigation

"Lights/Ultra Lights" Cases and Other Smoking and Health Class Actions: Plaintiffs have sought certification of their cases as class actions, alleging among other things, that the uses of the terms "Lights" and/or "Ultra Lights" constitute deceptive and unfair trade practices, common law or statutory fraud, unjust enrichment or breach of warranty, and have sought injunctive and equitable relief, including restitution and, in certain cases, punitive damages. These class actions have been brought against PM USA and, in certain instances, Altria or our other subsidiaries, on behalf of individuals who purchased and consumed various brands of cigarettes. Defenses raised in these cases include lack of misrepresentation, lack of causation, injury and damages, the statute of limitations, non-liability under state statutory provisions exempting conduct that complies with federal regulatory directives, and the First Amendment. Twenty-one state courts in 23 "Lights" cases have refused to certify class actions, dismissed class action allegations, reversed prior class certification decisions or have entered judgment in favor of PM USA. As of January 26, 2026, two "Lights/Ultra Lights" class actions are pending in U.S. state courts. Neither case is active.

As of January 26, 2026, one smoking and health case alleging personal injury or seeking court-supervised programs or an ongoing medical monitoring program on behalf of individuals exposed to ETS and purporting to be brought on behalf of a class of individual plaintiffs, is pending in a U.S. state court. The case is currently inactive.

Environmental Regulation

Altria and our former subsidiaries are subject to various federal, state and local laws and regulations concerning the discharge of materials into the environment, or otherwise related to environmental protection, including, in the United States: the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act (commonly known as "Superfund"), which can impose joint and several liability on each responsible party. Altria and our former subsidiaries are involved in several cost recovery/contribution cases subjecting them to potential costs of remediation and natural resource damages under Superfund or other laws and regulations. We expect to continue to make capital and other expenditures in connection with environmental laws and regulations.

We provide for expenses associated with environmental remediation obligations on an undiscounted basis when such amounts are probable and can be reasonably estimated. Such accruals are adjusted as new information develops or circumstances change. Other than those amounts, it is not possible to reasonably estimate the cost of any environmental remediation and compliance efforts that we may undertake in the future. In the opinion of our management, however, compliance with environmental laws and regulations, including the payment of any remediation costs or damages and the making of related expenditures, has not had a material adverse effect on our consolidated results of operations, capital expenditures, financial position or cash flows.

Guarantees and Other Similar Matters

In the ordinary course of business, we have agreed to indemnify a limited number of third parties in the event of future litigation. At December 31, 2025, we (i) had $43 million of unused letters of credit obtained in the ordinary course of business and (ii) were contingently liable for guarantees related to our own performance. In addition, from time to time, we issue lines of credit to affiliated entities. These items have not had, and are not expected to have, a significant impact on our liquidity.

Under the terms of a distribution agreement between Altria and PMI ("Distribution Agreement"), entered into as a result of our 2008 spin-off of our former subsidiary PMI, liabilities concerning tobacco products will be allocated based in substantial part on the manufacturer. PMI will indemnify Altria and PM USA for liabilities related to tobacco products manufactured by PMI or contract manufactured for PMI by PM USA, and PM USA will indemnify PMI for liabilities related to tobacco products manufactured by PM USA, excluding tobacco products contract manufactured for PMI. We do not have a related liability recorded on our consolidated balance sheet at December 31, 2025 as the fair value of this indemnification is insignificant.

As part of our supplier financing program, Altria guarantees the financial obligations of ALCS under the financing program agreement. For further discussion of our supplier financing program, see Note 2. *Summary of Significant Accounting Policies - Supplier Financing.*

PM USA guarantees our obligations under our outstanding debt securities, any borrowings under our $3.0 billion Credit Agreement and any amounts outstanding under our commercial paper program.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Altria Group, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Altria Group, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of earnings, of comprehensive earnings, of stockholders' equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Skoal Trademark Impairment Assessment

As described in Notes 2 and 4 to the consolidated financial statements, the Company’s indefinite-lived intangible assets carrying value was $11,089 million as of December 31, 2025, and the balance associated with the *Skoal* trademark was approximately $3,600 million. Management conducts an annual review of indefinite-lived intangible assets for potential impairment as of October 1 of each year, and more frequently if an event occurs or circumstances change that would require management to perform an interim review. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, management considers the intangible asset impaired and reduces the carrying value to fair value in the period identified. Management used an income approach to estimate the fair value of the *Skoal* trademark, discounting expected future cash flows at a rate of return reflecting the risk-free rate for the use of those funds, the expected rate of inflation and risks associated with realizing expected future cash flows. In determining the estimated fair value of the *Skoal* trademark, management made various judgments, estimates and assumptions, the most significant of which were volume, price, revenue, income, operating margins, perpetual growth rates, discount rates and scenario weightings, as applicable.

The principal considerations for our determination that performing procedures relating to the *Skoal* trademark impairment assessment is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the *Skoal* trademark; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management’s significant assumptions related to revenue and the discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s indefinite-lived intangible asset impairment assessment, including controls over the valuation of the *Skoal* trademark. These procedures also included, among others (i) testing management’s process for developing the fair value estimates of the *Skoal* trademark; (ii) evaluating the appropriateness of the income approach used by management; (iii) testing the completeness and accuracy of underlying data used in the income approach; and (iv) evaluating the reasonableness of the significant assumptions used by management related to revenue and the discount rate. Evaluating management’s assumption related to revenue involved evaluating whether the assumption used by management was reasonable considering (i) the current and past performance of the *Skoal* brand; (ii) the consistency with external market and industry data; and (iii) whether the assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the income approach and (ii) the reasonableness of the discount rate assumption.

Goodwill Impairment Assessments - E-vapor Reporting Unit

As described in Notes 2 and 4 to the consolidated financial statements, the Company's goodwill balance was $5,787 million as of December 31, 2025, and the goodwill associated with the e-vapor reporting unit was $610 million. Management conducts an annual review of goodwill for potential impairment as of October 1 of each year, and more frequently if an event occurs or circumstances change that would require management to perform an interim review. If the carrying value of a reporting unit that includes goodwill exceeds its fair value, which is determined using discounted cash flows, goodwill is considered impaired. In January 2025, the U.S. International Trade Commission (“ITC”) issued an exclusion order and cease-and-desist orders prohibiting the importation and sale of *NJOY ACE* in the United States, which became effective on March 31, 2025. As a result, in connection with the preparation of the Company’s financial statements for the period ended March 31, 2025, management concluded a triggering event had occurred and performed an interim impairment assessment. Management recorded a goodwill impairment of $873 million during the first quarter of 2025. During the fourth quarter of 2025, management evaluated the current enforcement environment against illicit flavored disposable e-vapor products and deemed any effective enforcement would likely occur gradually over a longer period of time. Management performed the annual impairment test of goodwill as of October 1, 2025. The annual test indicated that the estimated fair value of the e-vapor reporting unit was below its carrying value, resulting in a goodwill impairment of $285 million. Management used an income approach to estimate the fair values of the Company’s reporting units, discounting expected future cash flows at a rate of return reflecting the risk-free rate for the use of those funds, the expected rate of inflation and risks associated with realizing expected future cash flows. Management’s cash flows were based on a range of scenarios that consider certain potential regulatory and market outcomes. In performing the discounted cash flow analyses, management made various judgments, estimates and assumptions, the most significant of which were volume, price, revenue, income, operating margins, scenario weightings, perpetual growth rate and discount rates.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments of the e-vapor reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimates of the reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management’s significant assumptions related to volume, price, operating margins, scenario weightings, perpetual growth rate and discount rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the valuation of the e-vapor reporting unit. These procedures also included, among others (i) testing management's process for developing the fair value estimates; (ii) evaluating the appropriateness of the income approach used by management; (iii) testing the completeness and accuracy of the underlying data used in the income approach; and (iv) evaluating the reasonableness of the significant assumptions used by management related to volume, price, operating margins, scenario weightings, perpetual growth rate and discount rates. Evaluating management's assumptions related to volume, price, operating margins, and scenario weightings involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the e-vapor reporting unit; (ii) the consistency with external market, regulatory, and industry data, as applicable; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the Company's income approach and (ii) the reasonableness of the perpetual growth rate and discount rates assumptions.

E-vapor Definite-Lived Intangible Assets Impairment Assessment

As described in Notes 2 and 4 to the consolidated financial statements, the Company's definite-lived intangible assets carrying value was $787 million as of December 31, 2025, and the carrying value associated with e-vapor definite-lived intangible assets was $60 million. Management reviews long-lived assets, including definite-lived intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be fully recoverable. Management performs undiscounted operating cash flow analyses to determine if an impairment exists. For purposes of recognition and measurement of an impairment for assets held for use, management groups assets and liabilities at the lowest level for which cash flows are separately identifiable. If management determines that an impairment exists, any related impairment loss is calculated based on fair value. During the fourth quarter of 2025, management evaluated the current enforcement environment against illicit flavored disposable e-vapor products and deemed any effective enforcement would likely occur gradually over a longer period of time. As a result, management performed a recoverability test of the e-vapor definite-lived intangible assets. Management determined that the asset group was not recoverable because the estimated undiscounted cash flows, including an assumed terminal-year EBITDA multiple, were less than its carrying value. Management then measured the impairment loss by comparing the carrying value of the definite-lived intangible assets, consisting of developed technology and trademarks, to their estimated fair values, which were determined using an income approach, specifically the relief from royalty method, which estimates the value of an intangible asset by calculating the present value of the hypothetical royalty payments a company avoids by owning the asset rather than licensing it from a third party. In performing the analysis, management made various judgments, estimates and assumptions, the most significant of which were volume, price, revenue, income, operating margins, scenario weightings, discount rates, royalty rates, obsolescence rates and economic lives. As a result, management recorded a pre-tax impairment of these assets of $970 million.

The principal considerations for our determination that performing procedures relating to the e-vapor definite-lived intangible asset impairment assessment is a critical audit matter are (i) the significant judgment by management when developing the fair value estimates of the e-vapor definite-lived intangible assets; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to volume, price, operating margins, scenario weightings, discount rates, royalty rates, obsolescence rates, economic lives and EBITDA multiple; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's definite-lived intangible asset impairment assessment, including controls over the valuation of the e-vapor definite-lived intangible assets. These procedures also included, among others (i) testing management's process for developing the fair value estimates of the e-vapor definite-lived intangible assets; (ii) evaluating the appropriateness of the income approach used by management; (iii) testing the completeness and accuracy of underlying data used in the income approach; and (iv) evaluating the reasonableness of the significant assumptions used by management related to volume, price, operating margins, scenario weightings, discount rates, royalty rates, obsolescence rates, economic lives and EBITDA multiple. Evaluating management's assumptions related to volume, price, operating margins, and scenario weighting involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the e-vapor asset group; (ii) the consistency with external market, regulatory, and industry data, as applicable; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the income approach and (ii) the reasonableness of the discount rates, royalty rates, obsolescence rates, economic lives and EBITDA multiple.

/s/ PricewaterhouseCoopers LLP

Richmond, Virginia
January 29, 2026

We have served as the Company's auditor since at least 1934, which is when the Company became subject to SEC reporting requirements. We have not been able to determine the specific year we began serving as auditor of the Company.

Report of Management on Internal Control Over Financial Reporting

Management of Altria Group, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Altria Group, Inc.'s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those written policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Altria Group, Inc.;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America;
- provide reasonable assurance that receipts and expenditures of Altria Group, Inc. are being made only in accordance with the authorization of management and directors of Altria Group, Inc.; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting includes the controls themselves, monitoring and internal auditing practices and actions taken to correct deficiencies as identified.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Altria Group, Inc.'s internal control over financial reporting as of December 31, 2025. Management based this assessment on criteria for effective internal control over financial reporting described in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management's assessment included an evaluation of the design of Altria Group, Inc.'s internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of Altria Group, Inc.'s Board of Directors.

Based on this assessment, management determined that, as of December 31, 2025, Altria Group, Inc. maintained effective internal control over financial reporting.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, who audited and reported on the consolidated financial statements of Altria Group, Inc. included in this report, has audited the effectiveness of Altria Group, Inc.'s internal control over financial reporting as of December 31, 2025, as stated in their report herein.

January 29, 2026

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

There have been no changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The Report of Independent Registered Public Accounting Firm and the Report of Management on Internal Control over Financial Reporting are included in Item 8.

Item 9B. Other Information.

During the quarter ended December 31, 2025, none of our directors or officers adopted, modified or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Part III

Except for the information relating to the executive officers set forth in Item 10, the information called for by Items 10-14 is hereby incorporated by reference to our definitive proxy statement for use in connection with our 2026 Annual Meeting of Shareholders ("2026 Annual Meeting") to be held on May 14, 2026 that is expected to be filed with the SEC on or about April 2, 2026 ("proxy statement"), and, except as indicated therein, made a part hereof.

Item 10. Directors, Executive Officers and Corporate Governance.

Refer to "Board and Governance Matters - Proposal 1 - Election of Directors" and "Board and Governance Matters - Board and Committee Governance" sections of the proxy statement.

Information about Our Executive Officers as of February 13, 2026:

Name	Office	Age
Jody L. Begley	Executive Vice President and Chief Operating Officer	54
William F. Gifford, Jr.	Chief Executive Officer	55
Salvatore Mancuso	Executive Vice President and Chief Financial Officer	60
Robert A. McCarter III	Executive Vice President and General Counsel	53
Heather A. Newman	Senior Vice President, Chief Strategy & Growth Officer	48
Katie F. Patterson	Vice President and Controller	40
Charles N. Whitaker	Senior Vice President, Chief Human Resources Officer and Chief Compliance Officer	59

All of the above-mentioned executive officers have been employed by Altria or our subsidiaries in various capacities during the past five years.

As previously announced, effective upon the conclusion of the 2026 Annual Meeting on May 14, 2026, Mr. Gifford will retire as Chief Executive Officer and Mr. Mancuso will become Chief Executive Officer. Additionally, Ms. Newman will become Executive Vice President and Chief Financial Officer, effective upon the conclusion of the 2026 Annual Meeting.

Insider Trading Policy

We have adopted an insider trading policy that governs transactions in our securities by our directors, officers and employees, and by Altria and our subsidiaries. Our insider trading policy is designed to promote compliance with insider trading laws, rules and regulations applicable to us. A copy of our insider trading policy is filed with this Annual Report on Form 10-K as Exhibit 19.

Codes of Conduct and Corporate Governance

We have adopted the Altria Code of Conduct for Compliance and Integrity, which complies with requirements set forth in Item 406 of Regulation S-K. This Code of Conduct applies to all of our employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. We have also adopted a code of business conduct and ethics that applies to the members of our Board of Directors. These documents are available free of charge on our website at www.altria.com.

Any waiver granted by us to our principal executive officer, principal financial officer or controller under the Code of Conduct, and certain amendments to the Code of Conduct, will be disclosed on our website at www.altria.com within the time period required by applicable rules.

In addition, we have adopted corporate governance guidelines and charters for our Audit, Compensation and Talent Development and Nominating, Corporate Governance and Social Responsibility Committees and the other committees of our Board of Directors. All of these documents are available free of charge on our website at www.altria.com.

The information on our websites is not, and shall not be deemed to be, a part of this Form 10-K or incorporated into any other filings we make with the SEC.

Item 11. Executive Compensation.

Refer to “Executive Compensation,” and “Board and Governance Matters - Director Compensation” sections of our proxy statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The number of shares to be issued upon exercise or vesting and the number of shares remaining available for future issuance under our equity compensation plans at December 31, 2025, were as follows:

	Number of Shares to be Issued upon Exercise of Outstanding Options and Vesting of Deferred Stock (a)	Weighted Average Exercise Price of Outstanding Options (b)	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (c)
Equity compensation plans approved by shareholders [1]	**5,306,644 [2]**	**$—**	**25,827,825 [3]**

[1] Our shareholders have approved the following plans, shares of which are referenced in column (a) or column (c): the 2020 Performance Incentive Plan, the 2025 Performance Incentive Plan and the 2025 Stock Compensation Plan for Non-Employee Directors.
[2] Represents 3,933,158 shares of restricted stock units and 1,373,486 shares that may be issued upon vesting of performance stock units if maximum performance measures are achieved.
[3] Includes 24,827,825 shares available under the 2025 Performance Incentive Plan and 1,000,000 shares available under the 2025 Stock Compensation Plan for Non-Employee Directors, and excludes shares reflected in column (a).

Refer to “Ownership of Equity Securities - Directors, Nominees and Executive Officers” and “Ownership of Equity Securities - Certain Other Beneficial Owners” sections of our proxy statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Refer to “Board and Governance Matters - Our Board of Directors - Related Person Transactions, Director Code and Code of Conduct” and “Board and Governance Matters - Our Board of Directors - Director Independence Determinations” sections of our proxy statement.

Item 14. Principal Accountant Fees and Services.

Refer to “Audit Committee Matters - Independent Registered Public Accounting Firm’s Fees” and “Audit Committee Matters - Pre-Approval Policy” sections of our proxy statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Index to Consolidated Financial Statements

Schedules have been omitted either because such schedules are not required or are not applicable.

In accordance with Regulation S-X Rule 3-09, the audited financial statements of ABI for the year ended December 31, 2025 will be filed by amendment within six months after ABI's year ended December 31, 2025.

(b) The following exhibits are filed as part of this Form 10-K:

2.1	Distribution Agreement by and between Altria Group, Inc. and Kraft Foods Inc. (now known as Mondelēz International, Inc.), dated as of January 31, 2007. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on January 31, 2007 (File No. 1-08940).
2.2	Distribution Agreement by and between Altria Group, Inc. and Philip Morris International Inc., dated as of January 30, 2008. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on January 30, 2008 (File No. 1-08940).
3.1	Articles of Amendment to the Restated Articles of Incorporation of Altria Group, Inc. and Restated Articles of Incorporation of Altria Group, Inc. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-08940).
3.2	Amended and Restated By-Laws of Altria Group, Inc. (effective as of October 26, 2022). Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on October 27, 2022 (File No. 1-08940).
4.1	Description of Altria Group, Inc.'s Registered Securities. Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 2025 (File No. 1-08940).
4.2	Indenture between Altria Group, Inc. and The Bank of New York (as successor in interest to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank), as Trustee, dated as of December 2, 1996. Incorporated by reference to Altria Group, Inc.'s Registration Statement on Form S-3/A filed on January 29, 1998 (No. 333-35143).
4.3	First Supplemental Indenture to Indenture, dated as of December 2, 1996, between Altria Group, Inc. and The Bank of New York (as successor in interest to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank), as Trustee, dated as of February 13, 2008. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on February 15, 2008 (File No. 1-08940).
4.4	Indenture among Altria Group, Inc., as Issuer, Philip Morris USA Inc., as Guarantor, and Deutsche Bank Trust Company Americas, as Trustee, dated as of November 4, 2008. Incorporated by reference to Altria Group, Inc.'s Registration Statement on Form S-3 filed on November 4, 2008 (No. 333-155009).
4.5	The Registrant agrees to furnish copies of any instruments defining the rights of holders of long-term debt of the Registrant and its consolidated subsidiaries that does not exceed 10 percent of the total assets of the Registrant and its consolidated subsidiaries to the Commission upon request.

10.1	Comprehensive Settlement Agreement and Release related to settlement of Mississippi health care cost recovery action, dated as of October 17, 1997. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 1-08940).
10.2	Settlement Agreement related to settlement of Florida health care cost recovery action, dated August 25, 1997. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on September 3, 1997 (File No. 1-08940).
10.3	Comprehensive Settlement Agreement and Release related to settlement of Texas health care cost recovery action, dated as of January 16, 1998. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on January 28, 1998 (File No. 1-08940).
10.4	Settlement Agreement and Stipulation for Entry of Judgment regarding the claims of the State of Minnesota, dated as of May 8, 1998. Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 1998 (File No. 1-08940).
10.5	Settlement Agreement and Release regarding the claims of Blue Cross and Blue Shield of Minnesota, dated as of May 8, 1998. Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 1998 (File No. 1-08940).
10.6	Stipulation of Amendment to Settlement Agreement and For Entry of Agreed Order regarding the settlement of the Mississippi health care cost recovery action, dated as of July 2, 1998. Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 1998 (File No. 1-08940).
10.7	Stipulation of Amendment to Settlement Agreement and For Entry of Consent Decree regarding the settlement of the Texas health care cost recovery action, dated as of July 24, 1998. Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 1998 (File No. 1-08940).
10.8	Stipulation of Amendment to Settlement Agreement and For Entry of Consent Decree regarding the settlement of the Florida health care cost recovery action, dated as of September 11, 1998. Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 1998 (File No. 1-08940).
10.9	Master Settlement Agreement relating to state health care cost recovery and other claims, dated as of November 23, 1998. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on November 25, 1998, as amended by Form 8-K/A filed on December 24, 1998 (File No. 1-08940).
10.10	Stipulation and Agreed Order Regarding Stay of Execution Pending Review and Related Matters, dated as of May 7, 2001. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on May 8, 2001 (File No. 1-08940).
10.11	Term Sheet effective December 17, 2012, between Philip Morris USA Inc., the other participating manufacturers, and various states and territories for settlement of the 2003 - 2012 Non-Participating Manufacturer Adjustment with those states. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on December 18, 2012 (File No. 1-08940).
10.12	Intellectual Property Agreement by and between Philip Morris International Inc. and Philip Morris USA Inc., dated as of January 1, 2008. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on March 28, 2008 (File No. 1-08940).
10.13	5-Year Revolving Credit Agreement, dated as of October 24, 2023, among Altria Group, Inc., JPMorgan Chase Bank, N.A. and Citibank, N.A., as administrative agents, and the lenders named therein. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on October 25, 2023 (File No. 1-08940).
10.14	Guarantee made by Philip Morris USA Inc. in favor of the lenders party to the 5-Year Revolving Credit Agreement, dated as of October 24, 2023, among Altria Group, Inc., the lenders named therein and JPMorgan Chase Bank, N.A. and Citibank, N.A., as administrative agents, dated as of October 24, 2023. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on October 25, 2023 (File No. 1-08940).
10.15	Extension Agreement, effective July 23, 2025, among Altria Group, Inc., JPMorgan Chase Bank, N.A. and Citibank, N.A., as administrative agents, and the lenders named therein. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on July 23, 2025 (File No. 1-08940).
10.16	Benefit Equalization Plan, effective September 2, 1974, as amended. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014 (File No. 1-08940).*
10.17	Amendment to Benefit Equalization Plan, effective March 31, 2016. Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2016 (File No. 1-08940).*
10.18	Amendment to Benefit Equalization Plan, effective January 1, 2016 and October 1, 2016. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 1-08940).*

10.19	Amendment to Benefit Equalization Plan, effective January 1, 2019. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for year ended December 31, 2018 (File No. 1-08940).*
10.20	Form of Employee Grantor Trust Enrollment Agreement. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-08940).*
10.21	Long-Term Disability Benefit Equalization Plan, effective as of January 1, 1989, as amended. Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 2009 (File No. 1-08940).*
10.22	Deferred Fee Plan for Non-Employee Directors, as amended and restated effective October 28, 2015. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 1-08940).*
10.23	2015 Stock Compensation Plan for Non-Employee Directors, as amended and restated effective October 26, 2022. Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2022 (File No. 1-08940).*
10.24	2020 Performance Incentive Plan. Incorporated by reference to Exhibit A to Altria Group, Inc.'s Definitive Proxy Statement on Schedule 14A filed on April 2, 2020, as amended by Altria Group, Inc.'s Supplement to Proxy Statement on Schedule 14A filed on April 17, 2020 (File No. 1-08940).*
10.25	Form of Indemnity Agreement. Incorporated by reference to Altria Group, Inc.'s Current Report on Form 8-K filed on October 30, 2006 (File No. 1-08940).
10.26	Form of Restricted Stock Unit Agreement (2020). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2020 (File No. 1-08940).*
10.27	Form of Performance Stock Unit Agreement (2020). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2020 (File No. 1-08940).*
10.28	Form of Restricted Stock Unit Agreement (2021). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2021 (File No. 1-08940).*
10.29	Form of Performance Stock Unit Agreement (2021). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2021 (File No. 1-08940).*
10.30	Form of Restricted Stock Unit Agreement (2022). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2022 (File No. 1-08940).*
10.31	Form of Performance Stock Unit Agreement (2022). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2022 (File No. 1-08940).*
10.32	Form of Restricted Stock Unit Agreement (2023). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2023 (File No. 1-08940).*
10.33	Form of Performance Stock Unit Agreement (2023). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2023 (File No. 1-08940).*
10.34	Form of Restricted Stock Unit Agreement (2024). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2024 (File No. 1-08940).*
10.35	Form of Performance Stock Unit Agreement (2024). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2024 (File No. 1-08940).*
10.36	Deferred Fee Plan for Non-Employee Directors, as amended and restated effective October 29, 2025.*
10.37	2025 Performance Incentive Plan. Incorporated by reference to Exhibit A to Altria Group, Inc.'s Definitive Proxy Statement on Schedule 14A filed on April 3, 2025 (File No. 1-08940).*
10.38	2025 Stock Compensation Plan for Non-Employee Directors. Incorporated by reference to Exhibit B to Altria Group, Inc.'s Definitive Proxy Statement on Schedule 14A filed on April 3, 2025 (File No. 1-08940).*
10.39	Form of Restricted Stock Unit Agreement (2025). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 2025 (File No. 1-08940).*
10.40	Form of Performance Stock Unit Agreement (2025). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 2025 (File No. 1-08940).*

10.41	Form of Executive Confidentiality and Non-Competition Agreement (October 2018). Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018 (File No. 1-08940).*
10.42	Form of Confidentiality and Non-Competition Agreement (February 2019). Incorporated by reference to Altria Group, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2019 (File No. 1-08940).*
10.43	Form of Letter Regarding Reimbursement of Legal Expenses. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 1-08940).*
10.44	Time Sharing Agreement between Altria Client Services LLC and William F. Gifford, Jr., dated February 23, 2023. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022 (File No. 1-08940).*
10.45	Form of Agreement and General Release (September 2019). Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019 (File No. 1-08940).*
19	Insider trading policy.
21	Subsidiaries of Altria Group, Inc.
22	Guarantor Subsidiary of the Registrant.
23	Consent of independent registered public accounting firm.
24	Powers of attorney.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Altria Group, Inc. Dodd-Frank Compensation Recoupment Policy. Incorporated by reference to Altria Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023 (File No. 1-08940).
99.1	Certain Litigation Matters.
99.2	Trial Schedule for Certain Cases.
101	The following financial statements from the our Annual Report on Form 10-K for the year ended December 31, 2025, formatted in Inline XBRL: (i) Consolidated Statements of Cash Flows, (ii) Consolidated Statements of Earnings, (iii) Consolidated Statements of Comprehensive Earnings, (iv) Consolidated Balance Sheets, (v) Consolidated Statements of Stockholders' Equity (Deficit), and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Denotes management contract or compensatory plan or arrangement in which directors or executive officers are eligible to participate.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALTRIA GROUP, INC.

By: /s/ WILLIAM F. GIFFORD, JR.
(William F. Gifford, Jr.
Chief Executive Officer)

Date: February 25, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ WILLIAM F. GIFFORD, JR. (William F. Gifford, Jr.)	Director and Chief Executive Officer	February 25, 2026
/s/ SALVATORE MANCUSO (Salvatore Mancuso)	Director, Executive Vice President and Chief Financial Officer	February 25, 2026
/s/ KATIE F. PATTERSON (Katie F. Patterson)	Vice President and Controller	February 25, 2026
* IAN L.T. CLARKE, MARJORIE M. CONNELLY, R. MATT DAVIS, DEBRA J. KELLY-ENNIS, KATHRYN B. MCQUADE, GEORGE MUÑOZ, VIRGINIA E. SHANKS, RICHARD S. STODDART, ELLEN R. STRAHLMAN, M. MAX YZAGUIRRE	Directors	
* By: /s/ WILLIAM F. GIFFORD, JR. (WILLIAM F. GIFFORD, JR. ATTORNEY-IN-FACT)		February 25, 2026

Altria Group, Inc.
Deferred Fee Plan for Non-Employee Directors
(as amended and restated effective October 29, 2025)

SECTION 1. Purposes; Definitions.

The purpose of the Plan is to afford each Non-Employee Director the option to elect to defer the receipt of all or part of his or her Compensation until such future date as he or she may elect pursuant to the terms and conditions of the Plan.

This Plan was previously named the 1992 Compensation Plan for Non-Employee Directors. This Plan is hereby amended and restated effective October 29, 2025, and shall govern the rights of Participants on and after such date.

For purposes of the Plan, the following terms are defined as set forth below:

a. *"Account"* means an unfunded deferred compensation account established by the Company pursuant to the Deferred Fee Program, consisting of one or more Subaccounts established in accordance with Section 3.2.2.

b. *"Allocation Date"* means any date on which an amount representing all or a part of a Participant's Compensation is to be credited to his or her Account pursuant to an effective Election Form. The Allocation Date for the Retainer shall be the last business day of each calendar quarter.

c. *"Beneficiary"* means any person or entity designated as such in a current Election Form. If there is no valid designation or if no designated Beneficiary survives the Participant, the Beneficiary is the Participant's estate.

d. *"Board"* means the Board of Directors of the Company.

e. *"Code"* means the Internal Revenue Code of 1986, as amended from time to time.

f. "*Committee*" means the Nominating, Corporate Governance and Social Responsibility Committee of the Board or a subcommittee thereof, any successor thereto or such other committee or subcommittee as may be designated by the Board to administer the Plan.

g. *"Common Stock"* means the common stock of the Company.

h. *"Company"* means Altria Group, Inc., a corporation organized under the laws of the Commonwealth of Virginia, or any successor thereto.

i. *"Compensation"* means the sum of the Retainers payable by the Company to each Participant.

j. *"Deferral Election"* means the election by a Participant on an Election Form to defer the payment of all or part of his or her Compensation to be earned and payable after the applicable effective date set forth in Sections 3.1.1 or 3.1.2.

k. *"Deferred Amount"* means the amount of Compensation (determined as a percentage of the Retainers) subject to a current Deferral Election.

l. *"Deferred Fee Program"* means the provisions of the Plan that permit Participants to defer all or part of their Compensation.

m. *"Disability"* means permanent and total disability within the meaning of Code Section 409A.

n. *"Distribution Date"* means the date designated by a Participant in accordance with Sections 3.3.1 and 3.3.2 for the commencement of payment of amounts credited to his or her Account.

o. *"Election Date"* means the date an Election Form is received by the Secretary of the Company.

p. *"Election Form"* means a valid Deferred Fee Program Initial Election Form or Modified Election Form properly completed and signed.

q. "*Exchange Act*" means the Securities Exchange Act of 1934, as from time to time amended.

r. *"Extraordinary Distribution Request Form"* means the Deferred Fee Program Extraordinary Distribution Request Form properly completed and executed by a Participant or Beneficiary who wishes to request an extraordinary distribution of amounts credited to his or her Account in accordance with Section 3.3.3.

s. *"Fund"* means any one of the investment vehicles in which the trust fund established under the trust agreement, as amended from time to time, entered into by the Company in connection with the Profit-Sharing Plan, is invested.

t. *"Investment Transfer Election Date"* means the date set forth on an Investment Transfer Election Form.

u. *"Investment Transfer Election Form"* means a valid Deferred Fee Program Investment Transfer Election Form completed and signed by a Participant or Beneficiary.

v. *"Non-Employee Director"* means each member of the Board who is not a full-time employee of the Company ~~(~~or any corporation in which the Company owns, directly or indirectly, stock possessing at least fifty percent (50%) of the total combined voting power of all classes of stock entitled to vote in the election of directors in such corporation~~)~~.

w. *"Participant"* means a Non-Employee Director. A Participant shall also include a person who was, but is no longer, a member of the Board as long as an Account is being maintained for his or her benefit.

x. *"Plan"* means this Altria Group, Inc. Deferred Fee Plan for Non-Employee Directors, as amended from time to time.

y. *"Profit-Sharing Plan"* means the Altria Group, Inc. Deferred Profit-Sharing Plan for Salaried Employees, effective as of January 1, 1956, as amended from time to time.

z. *"Retainer"* means the portion of a Participant's Compensation that is fixed and paid without regard to his or her attendance at meetings, but shall not include amounts credited to a Participant's account under the 2025 Stock Compensation Plan for Non-Employee Directors (or any predecessor or successor thereto).

aa. *"Subaccount"* means one of the bookkeeping accounts established within each Participant's Account in accordance with Section 3.2.2.

SECTION 2. Eligibility.

Each Non-Employee Director shall be eligible to participate in the Deferred Fee Program.

SECTION 3. Deferred Fee Program.

3.1 Participation.

3.1.1 Deferral Elections.

A Non-Employee Director may elect to defer all or a part of his or her Compensation to be earned and payable thereafter by completing and executing an Election Form and delivering it to the Secretary of the Company. Any Deferral Election relating to a Retainer shall be in integral multiples of twenty-five percent (25%) of the Retainer.

The Participant shall indicate on the Initial Election Form:

a. the percentage of each type of Retainer that he or she wishes to defer;

b. the Distribution Date;

c. whether distributions are to be in a lump sum, in installments or a combination thereof;

d. the Participant's Beneficiary or Beneficiaries; and

e. the Subaccounts to which the Deferred Amount is to be allocated.

A Deferral Election shall become effective with respect to a Participant's selected Retainer(s) accruing on and after the first day of the calendar year following the Election Date and shall remain in effect with respect to all future Compensation until a new Deferral Election made by the Participant in accordance with Section 3.1.2 or Section 3.1.3 becomes effective. In the case of a newly eligible Participant, however, a Deferral Election may be made no later than 30 days after first becoming eligible for this Plan and any other Plan required to be aggregated with this Plan under Code Section 409A and the regulations and other guidance thereunder, and shall not be effective with respect to Compensation to which the Participant becomes entitled as a result of services performed on or before the Election Date.

3.1.2 Change of Deferral Election.

A Participant may change his or her Deferral Election with respect to Compensation to be earned and payable in a subsequent calendar year by completing and executing a Modified Election Form and delivering it to the Secretary of the Company. A change to increase or decrease the amount of future Retainer(s) to be deferred shall be effective only with respect to Compensation accruing on and after the first day of the calendar year following the Election Date.

3.1.3 Cessation of Deferrals.

A Participant may cease to defer future Compensation in the Deferred Fee Program by completing and executing a Modified Election Form, and delivering it to the Secretary of the Company. An election by a Participant to cease deferrals in the Deferred Fee Program shall become effective with respect to a Participant's Retainer(s) on or after the first day of the first calendar year that begins after the Election Date.

3.1.4 Beneficiary Election Modification.

A Participant shall be permitted at any time to modify his or her Beneficiary election, effective as of the Election Date, by completing and executing a Modified Election Form and delivering it to the Secretary of the Company.

3.2 Investments.

3.2.1 Accounts.

The Company shall establish an Account for each Participant and for each Beneficiary to whom installment distributions are being made. On each Allocation Date, the Company shall allocate to each Participant's Account an amount equal to his or her Deferred Amount.

3.2.2 Subaccounts.

The Company shall establish within each Account one or more Subaccounts. The Subaccounts shall correspond to the Funds, as the same may change from time to time, under the Profit-Sharing Plan. The Subaccounts shall be credited with earnings and charged with losses, if any, on the same basis as the corresponding Fund under the Profit-Sharing Plan, except that the Subaccount corresponding to the Common Stock Fund shall have a value based on a theoretical investment in the number of shares of Common Stock determined by dividing the Deferred Amount by the fair market value of a share of Common Stock on the date the Deferred Amount is credited to the Subaccount.

To the extent additional funds are provided under the Profit-Sharing Plan, the Secretary of the Company or his or her designee is authorized to establish corresponding Subaccounts under the Plan. The Secretary or his or her designee is authorized to limit or prohibit new investments or transfers into any Subaccount.

Subject to the provisions of Sections 3.2.3 and 3.2.4, on each Allocation Date, each Participant's Subaccounts shall be credited with an amount equal to the Deferred Amount designated by the Participant for allocation to such Subaccounts. Each Subaccount shall be credited with earnings and charged with losses as if the amounts allocated thereto had been invested in the corresponding Fund, provided that the Subaccount corresponding to the Common Stock Fund shall be credited with additional shares of Common Stock based on the amount of cash dividends that are paid from time to time on the number of shares of Common Stock with respect to which the Subaccount's value is determined, and provided further that dividends credited with respect to any other rights or amounts measured by reference to an individual stock other than Common Stock that a Participant has received or receives with respect to any Subaccount shall be allocated among and treated as invested proportionately in the Subaccounts most recently in effect for the investment of Compensation deferred by the Participant (as determined by reference to such Participant's Election Form then in effect).

Except as provided with respect to certain dividends in the preceding paragraph, the value of any Subaccount at any relevant time shall be determined as if all amounts credited thereto had been invested in the corresponding Fund.

3.2.3 Investment Directions.

In connection with his or her initial Deferral Election, each Participant shall make an investment direction on his or her Initial Election Form with respect to the portion of such Participant's Deferred Amount that is to be allocated to a Subaccount. Any apportionment of Deferred Amounts (and of increases or decreases in Deferred Amounts) among the Subaccounts shall be in integral multiples of one percent (1%). An investment direction shall become effective with respect to any Subaccount on the first day of the calendar month following the Election Date. All investment directions shall be irrevocable and shall remain in effect with respect to all future Deferred Amounts until a new irrevocable investment direction made by the Participant in accordance with Section 3.2.4 becomes effective.

3.2.4 New Investment Directions.

A Participant may make a new investment direction with respect to his or her Deferred Amount only by completing and executing a Modified Election Form and delivering it to the Secretary of the Company. A new investment direction shall become effective with respect to any Subaccount on the first day of the calendar month following the Election Date.

3.2.5 Investment Transfers.

A Participant or a Beneficiary (after the death of the Participant) may transfer to one or more different Subaccounts all or a part (not less than one percent (1%)) of the amounts credited to a Subaccount by completing and executing an Investment Transfer Election Form and delivering it to the Secretary of the Company; provided that any such transfer involving the Subaccount relating to the Common Stock Fund may only be made to the extent that such transfer would not result in a violation of Section 10(b) or Section 16(b) of the Exchange Act or any other applicable securities law.

Any transfer of amounts among Subaccounts shall become effective on the first day of the calendar month following the Investment Transfer Election Date.

3.3 Distributions.

3.3.1 Distribution Elections.

Each Participant shall designate on his or her Election Form one of the following dates as a Distribution Date with respect to amounts credited to his or her Account thereafter:

a. the fifteenth day of the calendar month following the Participant's separation from service as a member of the Board, including by reason of Disability or the Participant's death;

b. the fifteenth day of the calendar month following the earlier of (i) a calendar month and year specified by the Participant which is at least six months after the Election Date or (ii) the Participant's death; or

c. the earlier to occur of a or b.

A Distribution Date election shall be effective only with respect to amounts attributable to service by the Participant on and after the Election Date and subsequent earnings credited with respect to such amounts. Any election by a Participant for his or her Account to be paid upon his or her separation from service as a member of the Board shall be applied in accordance with Code Section 409A.

A Participant may request on his or her Election Form that distributions from his or her Account be made in (i) a lump sum, (ii) no more than one-hundred eighty (180) monthly, sixty (60) quarterly or fifteen (15) annual installments or (iii) a combination of (i) and (ii). Each installment shall be determined by dividing the Account balance by the number of remaining installments. If a Participant receives a distribution from a Subaccount on an installment basis, amounts remaining in such Subaccount before payment shall continue to accrue earnings and incur losses in accordance with the terms of Section 3.2.2. Except as stated in the next paragraph, all distributions shall be made to the Participant.

Upon the Participant's death, the balance remaining in the Participant's Account shall be payable to his or her Beneficiaries as set forth on the Participant's current Election Form or Forms. Upon the death of a Beneficiary who is receiving distributions in installments, the balance remaining in the Account of the Beneficiary shall be payable to his or her estate in a lump sum, without interest, except to the extent that the Secretary of the Company permits a Participant to elect otherwise in accordance with the procedures of this Section 3.3, taking into account administrative feasibility and other constraints.

All distributions shall be paid in cash and, except as provided in Section 3.3.3, shall be deemed to have been made from each Subaccount pro rata.

3.3.2 Modified Distribution Elections.

A Participant may modify his or her election as to Distribution Date and distribution form with respect to Compensation attributable to future service, with such modification to be effective beginning with the next calendar year and continuing thereafter, by completing and executing a Modified Election Form and delivering it to the Secretary of the Company.

3.3.3 Extraordinary Distributions.

Notwithstanding the foregoing, a Participant or Beneficiary (after the death of the Participant) may request an extraordinary distribution of all or part of the amount credited to his or her Account because of hardship. A distribution shall be deemed to be "because of hardship" if such distribution is necessary to alleviate or satisfy an immediate and heavy financial need of the Participant and otherwise satisfies the requirements for the occurrence of an "unforeseeable emergency" within the meaning of Code Section 409A(a)(2).

A request for an extraordinary distribution shall be made by completing and executing an Extraordinary Distribution Request Form and delivering it to the Secretary of the Company. All extraordinary distributions shall be subject to approval by the Committee.

The Extraordinary Distribution Request Form shall indicate:

a. the amount to be distributed from the Account;

b. the Subaccount(s) from which the distribution is to be made; and

c. the "hardship" requiring the distribution.

The amount of any extraordinary distribution shall not exceed the amount determined by the Committee to be required to meet the immediate financial need of the applicant.

An extraordinary distribution shall be made with respect to amounts credited to each Subaccount on the first day of the calendar month next following approval of the extraordinary distribution request by the Committee. Upon approval of an extraordinary distribution request, any Deferral Election in place shall be cancelled prospectively. A Participant may make a new Deferral Election for a future year in accordance with Section 3.1.2.

SECTION 4. General Provisions.

4.1 Unfunded Plan.

It is presently intended that the Plan constitute an "unfunded" plan for deferred compensation. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to make payments; provided, however, that, unless the Committee otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan.

4.2 Rules of Construction.

The Plan and all actions taken thereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. Participants and Beneficiaries are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Virginia to resolve any and all issues that may arise out of or relate to the Plan.

Headings are given to the sections of the Plan solely as a convenience to facilitate reference. The reference to any statute, regulation, or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

Notwithstanding anything in this Plan to the contrary, the Plan shall be construed to reflect the intent of the Company that all elections to defer, distributions, and other aspects of the Plan shall comply with Code Section 409A and any regulations and other guidance thereunder. Each Election Form shall be deemed to be part of the Plan for purposes of Code Section 409A. All references to separation from service or similar terms in the Plan and an Election Form shall be interpreted to refer to a "separation from service" within the meaning of Code Section 409A.

The Plan is also intended to be construed so that participation in the Plan will be exempt from Section 16(b) of the Exchange Act pursuant to regulations and interpretations issued from time to time by the Securities and Exchange Commission.

4.3 Withholding.

No later than the date as of which an amount first becomes includible in the gross income of the Participant for income tax purposes with respect to any participation under the Plan, the Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law or applicable regulations to be withheld with respect to such amount.

4.4 Plan Amendment and Termination.

At any time, the Board may amend or terminate the Plan and the Committee may adopt any modifications, procedures, or subplans as may be necessary or desirable to comply with the laws, regulations, or accounting practices of a foreign country applicable to Participants subject to the laws of such foreign country; provided, however, that no such amendment or adoption shall be made without shareholder approval if such approval is required under applicable law, regulation, or stock exchange rule. Notwithstanding the foregoing, except as necessary to comply with applicable law or avoid adverse tax consequences to some or all Participants, no amendment or termination of the Plan may materially and adversely affect any outstanding Account under the Plan without the Participant's consent.

4.5 Duration of Plan.

The Company hopes to continue the Plan indefinitely, but reserves the right to terminate the Plan by appropriate action of the Board at any time. Upon termination of the Plan, amounts then credited to each Account shall be paid in accordance with the distribution election then governing such Account or as otherwise provided in Section 3.3.1.

4.6 Assignability and Successors.

Except as required by law, no Participant or Beneficiary shall have the right to assign, pledge or otherwise transfer any payments to which such Participant or Beneficiary may be entitled under the Plan other than by will or by the laws of descent and distribution. The terms of the Plan shall be binding upon and shall inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company, and any permitted successors or assigns of a Participant.

4.7 Administration.

Except for the administrative authority specifically granted to the Secretary of the Company herein, the Committee shall administer the Plan and shall have the power to interpret the Plan and to adopt such rules and guidelines for carrying out the Plan and appoint such delegates as it may deem appropriate. Any determination made by the Committee or the Secretary, as applicable, in accordance with the provisions of the Plan shall be made in the sole discretion of the Committee or Secretary, and all decisions made by the Committee or Secretary pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and Plan Participants.

INSIDER TRADING POLICY

IMPORTANT NOTE: THIS POLICY, INCLUDING ITS EXPECTATIONS AND REQUIREMENTS, DOES NOT CREATE A CONTRACT BETWEEN YOU AND THE COMPANY.

Purpose

Federal and state securities laws and our Code of Conduct prohibit those with material inside information about a public company (also known as "Material Non-Public Information") to buy or sell its securities or to reveal, or "tip," Material Non-Public Information to anyone. This Policy provides guidance and establishes restrictions that Covered Persons (as defined below) must follow when buying or selling Altria Group, Inc. securities or securities of other public companies. As used herein, the term "Altria" means either Altria Group, Inc. alone or Altria Group, Inc. and its subsidiaries, as the context requires.

The term "Covered Persons" means all employees, officers and non-employee directors of Altria and its subsidiaries. Covered Persons could be subject to severe civil and criminal legal penalties and disciplinary action up to and including termination for any conduct prohibited by this Policy. Covered Persons must also instruct their family members who are dependents of, share a household with or whose trading is controlled or influenced by the Covered Person that they may not trade in Altria securities or securities of other public companies when the Covered Person is in possession of Material Non-Public Information.

Definitions

1. Material Non-Public Information

Information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, sell or hold a security of Altria or another public company. Any information that could reasonably be expected to affect the price of a security, whether positively or negatively, is likely to be material. Information about plans to do or not do something, or about something that is likely to happen or may happen, also may be material.

Some examples of information that may be "material" include:

- Financial results and forecasts, change in dividends or dividend policy and securities offerings
- Significant business developments, such as unusual or unexpected volume and market share movements, significant product announcements, extraordinary price changes, loss of a large customer or supplier, or significant manufacturing disruptions
- Significant acquisitions, divestitures, investments or joint ventures

- Major developments in litigation or governmental actions, such as investigations and regulatory enforcement actions
- Significant cybersecurity incidents

Information is “non-public” until all three of the following three criteria have been satisfied:

First, the information must be officially disseminated through a company announcement. The fact that rumors, speculation or statements not attributed to an authorized company spokesperson are public is insufficient to be considered widely disseminated even when the information is accurate.

Second, the information must become widely disseminated outside the company. Generally, Covered Persons should assume that information has NOT been widely disseminated unless (1) it has been carried in a national news medium or (2) it has appeared in a publicly available filing with the Securities and Exchange Commission (“SEC”).

Third, after the information has been disseminated, a period of time must pass sufficient for the information to be absorbed by the general public. As a general rule, information can be fully absorbed by the second trading day after the day on which the information is officially disseminated publicly.

2. Specially Designated Persons

Certain Covered Persons who, as part of their service as members of the Altria Board of Directors (the “Board”) or their job responsibilities, are routinely in possession of Material Non-Public Information must comply with additional requirements set forth in this Policy. These Covered Persons, including members of the Board and members of Altria’s Leadership Team, the Disclosure Controls Committee (“DCC”) and the Disclosure Working Group (“DWG”), are deemed to be “Specially Designated Persons.” Other individuals may be deemed to be Specially Designated Persons by the Corporate Secretary’s office from time-to-time.

Requirements

1. Restrictions on Trading

1.1. No Covered Person may trade Altria securities when the Covered Person is in possession of Material Non-Public Information about Altria.

1.2. No Covered Person may trade in the securities of another public company, including public companies in which Altria holds an equity interest or with which Altria has a significant commercial relationship, when the Covered Person is in possession of Material Non-Public Information about the other company (e.g., the possibility of a significant transaction or other significant business or financial development involving that company).

1.3. No Covered Person may trade in the securities of another public company when the Covered Person is in possession of non-public information about Altria that could be material to the investors of such other company or could affect the other company's stock price (e.g., information regarding new Altria products that will compete directly with competitors' products or an intent to terminate an economic relationship that is material to another public company, customer, supplier or distributor or competitor).

1.4. Covered Persons must wait until at least the second trading day after the day on which an official public announcement containing the information is disseminated before trading in Altria securities or the securities of other public companies covered by Sections 1.2 and 1.3.

1.5. Given the potential conflict of interest, Covered Persons are prohibited from using derivative instruments to hedge the value of any Altria security. These transactions commonly involve short sales, puts, calls, options, swaps, collars, forward sales or similar derivative instruments.

1.6. Members of the Board and certain officers subject to the trading restrictions and reporting obligations of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), may not purchase Altria securities on margin, borrow against Altria securities on margin or pledge Altria securities as collateral for a loan.

2. Examples of Transactions in Altria Securities Subject to this Policy

Except as provided in Section 3 below, this Policy applies to all transactions in Altria securities, including Altria's common stock or any other type of securities that Altria may issue. For purposes of this Policy, "transactions" is broadly defined to cover all acquisitions, dispositions or transfers of a security, including purchases, sales and gifts.

Examples of transactions covered by this Policy include:

2.1. Open market sales or purchases of Altria common stock.

2.2. Gifts of Altria common stock.

2.3. Initial elections to allocate Deferred Profit Sharing ("DPS") plan contributions to Altria securities, increases or additional periodic contributions allocated to Altria common stock and sales of Altria common stock purchased through the DPS plan.

2.4. DPS plan loans requiring the sale of Altria common stock.

2.5. Initial elections to participate in the Employee Stock Purchase Plan ("ESPP"), increases to the level of ESPP payroll deductions and sales of Altria common stock purchased through the ESPP.

2.6. Initial elections to participate in dividend reinvestment and sales of Altria common stock purchased through dividend reinvestment.

3. Examples of Transactions in Altria Securities NOT Subject to this Policy

This Policy does not apply to the following transactions:

3.1. Previously scheduled purchases of Altria common stock in the DPS plan or ESPP that are made pursuant to standard payroll deduction elections.

3.2. Vesting of restricted stock or restricted or performance stock units.

3.3. Altria's withholding of shares to satisfy tax withholding obligations upon the vesting of restricted or performance stock units.

3.4. Purchases of Altria common stock resulting from previously scheduled reinvestment of dividends paid on Altria common stock.

3.5. Direct transfers of Altria common stock from one broker to another broker that do not involve the purchase or sale of Altria common stock.

3.6. Transactions pursuant to a Rule 10b5-1 trading plan that complies with this policy. See Section 6.

You must consult with the Corporate Secretary's office if you have any questions about whether a transaction is subject to this Policy.

4. "Tipping" Information to Others

4.1. No Covered Person may reveal, or "tip," Material Non-Public Information to anyone, including family members, coworkers, friends or brokers, and no Covered Person may recommend that another person buy, sell or hold Altria securities or the securities of any other public company, including public companies in which Altria holds an equity interest or with which it has a significant commercial relationship, when the Covered Person is in possession of Material Non-Public Information about Altria or any such company, as applicable.

4.2. No Covered Person may reveal, or "tip," non-public information about Altria that could be material to the investors of another public company to anyone, including family members, coworkers, friends or brokers, and no Covered Person may recommend that another person buy, sell or hold the securities of another public company when the Covered Person is in possession of non-public information about Altria that could be material to the investors of such other company.

4.3. Covered Persons may only share Material Non-Public Information in accordance with the confidentiality provisions in the Information Governance Policy.

5. Additional Requirements for Specially Designated Persons

5.1. Specially Designated Persons must refrain from engaging in any transaction involving Altria securities or the securities of any public company in which Altria holds an equity interest or with which it has a significant commercial relationship without first obtaining pre-clearance of the transaction from the General Counsel or the Corporate Secretary's office.

5.1.1. Specially Designated Persons' dependents, household members and those whose transactions in Altria's and other public companies' securities they direct, influence or control, may not engage in a transaction involving Altria securities or the securities of any public company in which Altria holds an equity interest or with which it has a significant commercial relationship unless and until the Specially Designated Person has obtained pre-clearance of the transaction.

5.1.2. Any pre-cleared transaction must occur on the same business day as its approval.

5.2. Specially Designated Persons, including those Covered Persons deemed Specially Designated Persons from time-to-time by the Corporate Secretary's office for any reason (e.g., because an employee received draft quarterly financial results prior to their public release), must confine their trades in Altria securities to the "Window Period," which begins on the second trading day after the day on which earnings results are released and ends three weeks before the end of each calendar quarter, subject to the following limitations:

5.2.1. Specially Designated Persons must not trade during the Window Period if they possess Material Non-Public Information.

5.2.2. The Window Period may prematurely end at any time based on event-driven reasons (e.g., a significant business development, the impending announcement of a material acquisition, etc.) (an "Event-Driven Blackout").

6. Rule 10b5-1 Trading Plans

Under Rule 10b5-1 of the Exchange Act, an individual has an affirmative defense against an allegation of insider trading if the individual demonstrates that the transaction in question was pursuant to a binding contract, specific instruction or written plan that was (i) put into place before the individual became aware of Material Non-Public Information and (ii) entered into in good faith and not as part of a plan or scheme to evade the insider trading rules. These contracts, irrevocable instructions and plans are commonly referred to as Rule 10b5-1 trading plans. The rules regarding Rule 10b5-1 trading plans are complex; you should consult with your legal advisor before entering into a Rule 10b5-1 trading plan. If you decide to enter into a Rule 10b5-1 trading plan, note the following:

Compliance – All Rule 10b5-1 trading plans must comply with the requirements of Rule 10b5-1, including the applicable mandatory cooling off period before transactions can commence under the Rule 10b5-1 trading plan. Rule 10b5-1 trading plans must be established when the individual is not aware of Material Non-Public Information.

Pre-Approval – Specially Designated Persons must have their proposed Rule 10b5-1 trading plans preapproved by the Corporate Secretary's office and must establish their Rule 10b5-1 trading plans during a Window Period.

Amendments and Modifications – Once a Rule 10b5-1 trading plan has been established, it can only be amended or modified when the individual is not aware of Material Non-Public Information and in compliance with the requirements of Rule 10b5-1, including the applicable mandatory cooling off period. In addition, Specially Designated Persons may only amend or modify a Rule 10b5-1 trading plan during a Window Period and upon the approval of the Corporate Secretary's office.

Terminations – The termination of a Rule 10b5-1 trading plan should occur only in unusual circumstances. You should note that the SEC has warned that the termination of a Rule 10b5-1 trading plan can result in the loss of an affirmative defense for past or future transactions under a Rule 10b5-1 trading plan if the termination calls into question whether the trading plan was entered into in good faith and not as part of a plan or scheme to evade the insider trading rules. You should consult with your own legal counsel before deciding to terminate a Rule 10b5-1 trading plan.

Once a Rule 10b5-1 trading plan has been terminated, the individual must wait at least 30 calendar days before entering into any transaction outside of the Rule 10b5-1 trading plan. Any new Rule 10b5-1 trading plan must comply with restrictions set forth in this Policy, including the applicable mandatory cooling off period.

7. Application of Insider Trading Laws to a Former Covered Person

Insider trading laws will not cease to apply upon the termination of an individual's employment or relationship with Altria. Accordingly, a Covered Person who ceases to be employed by or have a relationship with Altria is advised to be mindful of his or her obligation to not trade in securities of Altria or any other public company while in possession of Material Non-Public Information about Altria or another public company, as applicable.

8. Requirements for Section 16 Reporting Persons

Members of the Board and certain officers who are required to report trading activity under Section 16 of the Exchange Act must comply with the processes and requirements included in the Section 16 Compliance Guidelines.

Any action on the part of Altria, the General Counsel, the Law Department or the Corporate Secretary's office pursuant to this Policy does not constitute legal advice or insulate an individual from liability under applicable securities laws.

Policy Regarding Altria Trades

To promote compliance with insider trading laws, it is Altria's policy that Altria and its direct and indirect subsidiaries shall not engage in transactions in Altria common stock or other securities in violation of insider trading laws.

Related Documents

Guidance in related documents must be followed, and is enforceable, in the same manner as guidance in this Policy.

- **Information Governance Policy**
- **Section 16 Compliance Guidelines**

Exhibit 21

ALTRIA GROUP, INC. SUBSIDIARIES

Certain subsidiaries of Altria Group, Inc. as of December 31, 2025 and their respective state of incorporation or organization are listed below. The names of certain other subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute, as of December 31, 2025, a "significant subsidiary" as that term is defined in Rule 1-02(w) of Regulation S-X.

Name	State of Incorporation or Organization
NJOY, LLC	Delaware
Philip Morris USA Inc.	Virginia
U.S. Smokeless Tobacco Company LLC	Virginia
UST LLC	Virginia

Exhibit 22

Altria Group, Inc.
Guarantor Subsidiary

Philip Morris USA Inc., which is a 100% owned subsidiary of Altria Group, Inc. (the “Parent”), has fully and unconditionally guaranteed the Parent’s obligations under the following senior unsecured notes issued by the Parent:

USD denominated notes

- 2.625% Notes due September 2026
- 4.875% Notes due February 2028
- 6.200% Notes due November 2028
- 4.800% Notes due February 2029
- 3.400% Notes due May 2030
- 4.500% Notes due August 2030
- 2.450% Notes due February 2032
- 6.875% Notes due November 2033
- 5.625% Notes due February 2035
- 5.250% Notes due August 2035
- 9.950% Notes due November 2038
- 10.200% Notes due February 2039
- 5.800% Notes due February 2039
- 3.400% Notes due February 2041
- 4.250% Notes due August 2042
- 4.500% Notes due May 2043
- 5.375% Notes due January 2044
- 3.875% Notes due September 2046
- 5.950% Notes due February 2049
- 4.450% Notes due May 2050
- 3.700% Notes due February 2051
- 6.200% Notes due February 2059
- 4.000% Notes due February 2061

Euro denominated notes

- 2.200% Notes due June 2027
- 3.125% Notes due June 2031

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-275173) and Form S-8 (Nos. 333-28631, 33-10218, 33-13210, 33-14561, 33-48781, 33-59109, 333-43478, 333-43484, 333-128494, 333-139523, 333-148070, 333-156188, 333-167516, 333-170185, 333-204477, 333-209701, 333-238513, 333-287485 and 333-287487) of Altria Group, Inc. of our report dated January 29, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Richmond, Virginia

February 25, 2026

Exhibit 24

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the "Company"), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ IAN L.T. CLARKE
Ian L.T. Clarke

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the "Company"), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ MARJORIE M. CONNELLY
Marjorie M. Connelly

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the “Company”), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ R. MATT DAVIS
R. Matt Davis

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the “Company”), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ DEBRA J. KELLY-ENNIS
Debra J. Kelly-Ennis

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the "Company"), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ KATHRYN B. MCQUADE
Kathryn B. McQuade

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the "Company"), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ GEORGE MUÑOZ
George Muñoz

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the "Company"), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ VIRGINIA E. SHANKS
Virginia E. Shanks

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the "Company"), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ RICHARD S. STODDART
Richard S. Stoddart

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the “Company”), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ ELLEN R. STRAHLMAN
Ellen R. Strahlman

POWER OF ATTORNEY

The undersigned, a Director of Altria Group, Inc., a Virginia corporation (the "Company"), does hereby constitute and appoint William F. Gifford, Jr., Salvatore Mancuso, Robert A. McCarter III and Mary C. Bigelow, or any one or more of them, his or her true and lawful attorney, for him or her and in his or her name, place and stead, to execute, by manual or facsimile signature, electronic transmission or otherwise, the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 and any amendments or supplements to said Annual Report and to cause the same to be filed with the Securities and Exchange Commission, together with any exhibits, financial statements and schedules included or to be incorporated by reference therein, hereby granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things which said attorneys may do or cause to be done by virtue of these present.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand and seal this 25th day of February, 2026.

/s/ M. MAX YZAGUIRRE
M. Max Yzaguirre

Exhibit 31.1

Certifications

I, William F. Gifford, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Altria Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2026

/s/ WILLIAM F. GIFFORD, JR.

William F. Gifford, Jr.
Chief Executive Officer

Exhibit 31.2

Certifications

I, Salvatore Mancuso, certify that:

1. I have reviewed this annual report on Form 10-K of Altria Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2026

/s/ SALVATORE MANCUSO
Salvatore Mancuso
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Altria Group, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William F. Gifford, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ WILLIAM F. GIFFORD, JR.
William F. Gifford, Jr.
Chief Executive Officer
February 25, 2026

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Altria Group, Inc. (the "Company") on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Salvatore Mancuso, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SALVATORE MANCUSO
Salvatore Mancuso
Executive Vice President and
Chief Financial Officer
February 25, 2026

Exhibit 99.1

CERTAIN LITIGATION MATTERS

As described in Item 3. *Legal Proceedings* in the Annual Report on Form 10-K, to which this Exhibit 99.1 is attached ("Item 3") and in Note 18. *Contingencies* to Altria Group, Inc.'s ("Altria") consolidated financial statements in Item 8 of such Annual Report on Form 10-K ("Note 18"), there are legal proceedings covering a wide range of matters pending or threatened in various United States and foreign jurisdictions against Altria and certain of our subsidiaries, including Philip Morris USA Inc. ("PM USA"), as well as our indemnitees. Various types of claims may be raised in these proceedings, including product liability, unfair trade practices, antitrust, tax liability, contraband shipments, patent infringement, employment matters, environmental matters, claims alleging violation of the Racketeer Influenced and Corrupt Organizations Act, claims for contribution and claims of competitors, shareholders or distributors. Claims related to tobacco products generally fall within the following categories: (i) smoking and health cases alleging personal injury brought on behalf of individual plaintiffs, (ii) smoking and health cases primarily alleging personal injury or seeking court-supervised programs for ongoing medical monitoring and purporting to be brought on behalf of a class of individual plaintiffs, including cases in which the aggregated claims of a number of individual plaintiffs are to be tried in a single proceeding, (iii) health care cost recovery cases brought by governmental (both domestic and foreign) plaintiffs seeking reimbursement for health care expenditures allegedly caused by cigarette smoking and/or disgorgement of profits, (iv) class action suits alleging that the use of the terms "Lights" and "Ultra Lights" constitute deceptive and unfair trade practices, common law fraud or statutory fraud, unjust enrichment, breach of warranty, or violations of the Racketeer Influenced and Corrupt Organizations Act, (v) class action suits involving e-vapor products and (vi) international cases. The following lists certain of the pending claims against Altria and PM USA included in these and other categories.

SMOKING AND HEALTH LITIGATION

The following lists the consolidated individual smoking and health cases as well as smoking and health class actions pending against PM USA and, in some cases, Altria and/or its other subsidiaries and affiliates, as of February 23, 2026. See *International Cases* below for a list of smoking and health class actions pending in Canada.

<u>Domestic Class Actions</u>

Engle, et al. v. R.J. Reynolds Tobacco Co., et al., Circuit Court, Eleventh Judicial Circuit, Dade County, Florida, filed May 5, 1994. See Note 18 for a discussion of this case (which has concluded) and the *Engle* progeny litigation.

Young, et al. v. The American Tobacco Company, et al., Civil District Court, Orleans Parish, Louisiana, filed November 12, 1997.

HEALTH CARE COST RECOVERY LITIGATION

See *International Cases* below for a list of international health care cost recovery actions.

"LIGHTS/ULTRA LIGHTS" CASES

The following lists the "Lights/Ultra Lights" class actions pending against Altria and/or its various subsidiaries and others as of February 23, 2026.

Moore, et al. v. Philip Morris Incorporated, et al., Circuit Court, Marshall County, West Virginia, filed September 17, 2001.

Virden v. Altria Group, Inc., et al., Circuit Court, Hancock County, West Virginia, filed March 28, 2003.

ANTITRUST LITIGATION

In Re JUUL Labs, Inc. Antitrust Litigation, United States District Court, Northern District of California, filed April 7, 2020.

See Note 18 for a discussion of this case.

INTERNATIONAL CASES

The following lists cases pending against Altria and/or its subsidiaries in foreign jurisdictions as of February 23, 2026.

Canada

O'Donnell, et. al. v. JUUL Labs, Canada, Ltd., et al., Ontario, Ontario Superior Court, filed April 17, 2020. E-vapor class action.

Salvatore, et al. v. JUUL Labs Canada, Ltd., et al., Quebec, District of Montreal Superior Court, filed June 12, 2019. E-vapor class action.

Stephens, et al. v. JUUL Labs, Inc., et al., British Columbia, Canada Supreme Court, filed October 1, 2019. E-vapor class action.

Her Majesty the Queen in Right of British Columbia v. Imperial Tobacco Limited, et al., Supreme Court, British Columbia, Vancouver Registry, Canada, filed January 24, 2001. Health care cost recovery action.

Her Majesty the Queen in Right of the Province of New Brunswick v. Rothmans, Inc., et al., Court of Queen's Bench of New Brunswick Judicial District of Fredericton, Canada, filed March 13, 2008. Health care cost recovery action.

Dorion v. Canadian Tobacco Manufacturers' Council, et al., Court of Queen's Bench of Alberta, Judicial District of Calgary, Canada, filed on or about June 17, 2009. Smoking and health class action.

Semple v. Canadian Tobacco Manufacturers' Council, et al., Supreme Court of Nova Scotia, Canada, filed on or about June 18, 2009. Smoking and health class action.

Kunka v. Canadian Tobacco Manufacturers' Council, et al., Court of Queen's Bench of Manitoba, Winnipeg Judicial Centre, Canada, filed on an unknown date in June 2009. Smoking and health class action.

Adams v. Canadian Tobacco Manufacturers' Council, et al., Court of Queen's Bench for Saskatchewan, Judicial Centre of Regina, Canada, filed on or about July 10, 2009. Smoking and health class action.

Her Majesty the Queen in Right of Ontario v. Rothmans Inc., et al., Superior Court of Justice of Ontario, Canada, filed on or about September 30, 2009. Health care cost recovery action.

Bourassa v. Imperial Tobacco Canada Limited, et al., Supreme Court of British Columbia, Victoria Registry, Canada, filed on or about June 25, 2010. Smoking and health class action.

McDermid v. Imperial Tobacco Canada Limited, et al., Supreme Court of British Columbia, Victoria Registry, Canada, filed on or about June 25, 2010. Smoking and health class action.

Attorney General of Newfoundland and Labrador v. Rothmans Inc., et al., Supreme Court of Newfoundland and Labrador, Trial Division, Canada, filed February 8, 2011. Health care cost recovery action.

Attorney General of Quebec v. Imperial Tobacco Canada Limited, et al., Superior Court of Quebec, Montreal District, Canada, filed June 8, 2012. Health care cost recovery action.

Her Majesty in Right of Alberta v. Altria Group, Inc., et al., Court of Queen's Bench of Alberta, Judicial District of Calgary, Canada, filed June 8, 2012. Health care cost recovery action.

Her Majesty the Queen in the Right of Manitoba v. Rothmans, Benson & Hedges Inc., et al., Court of Queen's Bench of Manitoba, Winnipeg Judicial Centre, Canada, filed May 31, 2012. Health care cost recovery action.

Her Majesty the Queen in Right of Saskatchewan v. Rothmans, Benson & Hedges Inc., et al., Court of Queen's Bench of Saskatchewan, Judicial Centre of Saskatoon, Canada, filed on June 8, 2012. Health care cost recovery action.

Her Majesty in the Right of the Province of Prince Edward Island v. Rothmans, Benson & Hedges, Inc., et al., Supreme Court of Prince Edward Island, filed on September 10, 2012. Health care cost recovery action*.*

Her Majesty the Queen in Right of the Province of Nova Scotia v. Benson & Hedges, Inc., et al., Supreme Court of Nova Scotia, filed on January 2, 2015. Health care cost recovery action.

Jacklin v. Canadian Tobacco Manufacturers' Council et al., Ontario Superior Court of Justice, Case No. 5379412, Ontario, Canada, filed on or about June 27, 2012. Smoking and health class action.

His Majesty the King in Right of the Province of British Columbia v. JUUL Labs, Inc., et al., Supreme Court of British Columbia, filed December 12, 2025. E-vapor health care cost recovery action.

See Note 18 for a discussion of these cases.

Exhibit 99.2

TRIAL SCHEDULE FOR CERTAIN CASES

Below is a schedule, as of February 23, 2026, setting forth by month the number of individual smoking and health cases against Philip Morris USA Inc. that are scheduled for but not in trial through April 30, 2026.

<u>2026</u>

Engle progeny

February	0
March	0
April	1

As of February 23, 2026, there are no *Engle* progeny cases in trial.

Other Individual Smoking & Health

February	0
March	0
April	1

As of February 23, 2026, there are no non-*Engle* progeny cases in trial.