

Reconciliations of the non-GAAP financial measures presented in the remarks by Howard Willard, Altria Group, Inc.'s (Altria) Chairman and Chief Executive Officer, during Altria's 2018 Fourth-Quarter and Full-Year Earnings Call.

Altria reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). Altria's management reviews certain financial results, including diluted earnings per share (EPS), on an adjusted basis, which excludes certain income and expense items that management believes are not part of underlying operations. These items may include, for example, loss on early extinguishment of debt, restructuring charges, gain/loss on Anheuser-Busch InBev SA/NV (AB InBev)/SABMiller plc (SABMiller) business combination, AB InBev special items, certain tax items, charges associated with tobacco and health litigation items, and resolutions of certain non-participating manufacturer (NPM) adjustment disputes under the Master Settlement Agreement (such dispute resolutions are referred to as NPM Adjustment Items).

Altria's management does not view any of these special items to be part of Altria's underlying results as they may be highly variable, may be infrequent, are difficult to predict and can distort underlying business trends and results. Altria's management believes that adjusted financial measures provide useful additional insight into underlying business trends and results and provide a more meaningful comparison of year-over-year results. Altria's management uses adjusted financial measures for planning, forecasting and evaluating business and financial performance, including allocating resources and evaluating results relative to employee compensation targets. These adjusted financial measures are not consistent with GAAP and may not be calculated the same as similarly titled measures used by other companies. These adjusted 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. Reconciliations of historical adjusted financial measures to corresponding GAAP measures are provided below.

Altria and Consolidated Subsidiaries, Adjusted EPS Results

(\$ in millions, except per share data)

	Earnings before Income Taxes	Provision for Income Taxes	Net Earnings	Net Earnings Attributable to Altria	Diluted EPS
For the year ended December 31, 2018					
2018 Reported	\$ 9,341	\$ 2,374	\$ 6,967	\$ 6,963	\$ 3.68
NPM Adjustment Items	(145)	(36)	(109)	(109)	(0.06)
Tobacco and health litigation items	131	33	98	98	0.05
AB InBev special items	(85)	(17)	(68)	(68)	(0.03)
Asset impairment, exit, implementation and acquisition-related costs	538	106	432	432	0.23
Loss on AB InBev/SABMiller business combination	33	7	26	26	0.01
Tax items	—	(197)	197	197	0.11
2018 Adjusted for Special Items	\$ 9,813	\$ 2,270	\$ 7,543	\$ 7,539	\$ 3.99
For the year ended December 31, 2007					
2007 Reported	\$ 4,678	\$ 1,547	\$ 3,131	\$ 3,131	\$ 1.48
Asset impairment, exit and implementation costs	469	169	300	300	0.15
Recoveries from airline industry exposure	(214)	(77)	(137)	(137)	(0.06)
Interest on tax reserve transfers to Mondelez International, Inc.	77	27	50	50	0.02
Tobacco and health litigation items	29	11	18	18	0.01
Tax items	—	168	(168)	(168)	(0.09)
2007 Adjusted for Special Items	\$ 5,039	\$ 1,845	\$ 3,194	\$ 3,194	\$ 1.51

Note: Represents 2007 financial results from continuing operations.

Adjusted Diluted EPS CAGR 2007-2018

9.2%