Remarks by Marty Barrington, Altria Group, Inc.'s (Altria) Chairman, Chief Executive Officer (CEO) and President, at Altria's 2018 Annual Meeting of Shareholders

NOTE: The text of Mr. Barrington's remarks delivered to shareholders at Altria's 2018 Annual Meeting of Shareholders is set forth below. Mr. Barrington's actual remarks have been modified in this reproduction to delete portions of his remarks relating to the conduct of business at the meeting. Following Mr. Barrington's reproduced remarks below is a reference to Altria's Forward-Looking and Cautionary Statements. Reconciliations of non-GAAP to GAAP measures may be found on altria.com.

Marty Barrington

We're now pleased to update you on the business.

As you know, we run our businesses for the long term, so we'll begin by briefly reviewing our performance for the most recent five-year period. We'll then turn to 2017. Finally, we'll say a word about 2018 through the first quarter.

From 2012 through 2017, we achieved strong business performance, delivered outsized returns to shareholders and invested in key, long-term strategic initiatives for our future success.

At the core:

- Our smokeable products segment grew its adjusted operating companies income (OCI) at a 6.4% compounded annual growth rate to \$8.6 billion and increased its adjusted OCI margins by 10 percentage points to 51.2%. PM USA increased its retail share by half a share point, strengthened *Marlboro*'s brand equity and maintained its significant market leadership.
- Our smokeless products segment grew its adjusted OCI at a 7.4% compounded annual growth rate to \$1.4 billion, expanded its adjusted OCI margins by seven percentage points to 67.8% and delivered combined share growth of *Copenhagen* and *Skoal* of 1.2 share points to 50.7%.
- In wine, Ste. Michelle grew its adjusted OCI at a 7.2% compounded annual growth rate.
- And in beer, we strengthened our position by supporting Anheuser-Busch InBev's business combination with SABMiller plc, providing Altria with a more than 10% interest in the world's largest global brewer -- and significant income and cash benefits. For example, Altria received over \$800 million in dividends from AB InBev in 2017 alone.

What Altria shareholders have received over this five-year period includes:

- Annual adjusted diluted earnings per share (EPS) growth of nearly 9%, from \$2.21 per share to \$3.39 per share;
- \$21 billion in dividends and a dividend rate that grew at a compounded annual rate of more than 8%;
- Another \$6 billion in cash through share repurchases; and
- A cumulative total shareholder return (TSR) of over 180%, significantly outperforming its benchmarks.

Also during this period, we invested in our future. This took many forms, but none more important than the actions we have been taking to pursue our aspiration to be the U.S. leader in providing adult tobacco consumers with authorized, non-combustible, reduced-risk products. To do that, we've embraced the opportunities that our dynamically changing industry is presenting and invested to win in these opportunities.

You'll remember, for example, that Altria supported the passage in 2009 of the Tobacco Control Act providing the U.S. Food and Drug Administration (FDA) with jurisdiction over tobacco. It was enabling legislation that was required to establish the possibility of bringing innovative, reduced-risk products to market.

Once that passed, we provided the FDA with a comprehensive science- and evidence-based analysis advocating that it should regulate based on a continuum of risk, should promote innovative products and permit consumers to have truthful information about such products. And in July last year, the FDA adopted that policy approach in announcing its new comprehensive plan for tobacco and nicotine regulation.

We also have been building a portfolio of the three leading platforms of non-combustible products for U.S. adult tobacco consumers:

- First, smokeless tobacco and oral nicotine-containing products;
- Second, e-vapor; and
- Third, heated tobacco.

In smokeless, USSTC is the largest and most profitable non-combustible tobacco business in the world. In e-vapor, Nu Mark has built one of the leading businesses in the U.S. with its *MarkTen* brand. In heated tobacco, we have the exclusive right to commercialize the *IQOS* platform and Heatsticks in the U.S. once authorized by the FDA, an opportunity for which our teams are ready.

All this is complemented by having built best-in-class regulatory and science capability and substantial financial firepower.

With that longer term perspective on the business, let's turn to 2017.

Full-year 2017 was another strong year:

- We grew adjusted diluted EPS 11.9%, built on the success of our core tobacco businesses and complemented by federal income tax reform, an initiative we had long supported.
- We delivered a TSR of 9.4%.
- We paid out $4.8 billion in dividends and increased our dividend by 8.2%; it was the 51st dividend increase in the last 48 years.
- We repurchased more than $2.9 billion in Altria shares under an expanded $4 billion program.

- And we acquired and integrated Nat Sherman to address opportunities in the smokeable segment.

As for 2018, we're off to a fast start to the strong year of EPS growth to which we've guided. As we reported in April, in the first quarter we grew adjusted diluted EPS by more than 30% and increased our dividend by 6.1%. And we took a significant step forward toward our harm reduction aspiration with USSTC's submission to the FDA of its modified risk tobacco product application for *Copenhagen* Snuff.

We reaffirm our guidance to deliver full-year 2018 adjusted diluted EPS of $3.90 to $4.03 per share from a 2017 adjusted diluted EPS base of $3.39. This range represents a growth rate of 15% to 19% from 2017.

A word now about the share price which, like other tobacco company stocks, declined in 2018 through April. The reasons include sector rotation away from consumer staples and strong dividend payers in a rising interest rate environment. There has also been a dampening effect in some quarters over regulatory risk from FDA.

Long-term shareholders will recall that our stock price previously has faced similar short-term challenges. We addressed the related business challenges then, and continued to create shareholder value despite them. Today, we remain confident that we have the strategies, resources and people to deliver winning results in this environment and over the long term.

Let's close with a word on corporate responsibility. Importantly, we've achieved the results reported today responsibly and in-line with our Mission. Our harm reduction aspiration is one element of our approach to responsibility. But there are other important ones that bear a mention. For example:

- We continued our long-standing efforts on underage tobacco prevention, an issue on which we have worked for decades. In fact, over the past five years, we've invested more than $100 million in leading youth-serving organizations that promote the healthy development of kids and help them avoid risky behaviors like tobacco use.
- We continue to communicate about the health effects of our products and provide cessation resources to adult tobacco consumers who wish to quit.
- We concentrate on supply chain responsibility. For example, we've continued our work with tobacco growers and other stakeholders to improve worker safety and working conditions on the farms. We communicate our expectations through our Supplier Code of Conduct, Good Agricultural Practice Guidelines and our contracts, all backed up by audits and assessments. And we've recently announced a new program called Tobacco Leaders Program (TLP) Select to reward growers who successfully increase farm safety and improve the living and working conditions for their workers.

- We invest in our employees by attracting, developing and retaining talented leaders. And we promote a vibrant and diverse work culture, where everyone is welcome and challenged to contribute.

We make the details of these and many other corporate responsibility efforts available on altria.com and in our annual corporate responsibility reports. Shareholders should be proud of the recognition their company has received in this regard. In 2017 alone, Altria was:

- ranked fourth on Corporate Responsibility Magazine's 100 Best Corporate Citizens List;
- named by The Civic 50 to be among America's most community-minded companies;
- for the first time, named to CDP's Water A-List which recognizes the world's businesses leading on water stewardship, and;
- designated by Diversity, Inc as one of 25 Noteworthy Companies? for Diversity - the 5th year in a row for this recognition.

The credit for these accomplishments and so much more all belongs to our dedicated and talented employees, so we thank them for their efforts.

Altria's Profile

Altria's wholly-owned subsidiaries include Philip Morris USA Inc.(PM USA), U.S. Smokeless Tobacco Company LLC (USSTC), John Middleton Co. (Middleton), Sherman Group Holdings, LLC and its subsidiaries (Nat Sherman), Nu Mark LLC (Nu Mark), Ste. Michelle Wine Estates Ltd. (Ste. Michelle) and Philip Morris Capital Corporation (PMCC). Altria holds an equity investment in Anheuser-Busch InBev SA/NV (AB InBev).

The brand portfolios of Altria's tobacco operating companies include *Marlboro*®, *Black & Mild*®, *Copenhagen*®, *Skoal*®, *MarkTen*® and *Green Smoke*®. Ste. Michelle produces and markets premium wines sold under various labels, including *Chateau Ste. Michelle*®, *Columbia Crest*®, *14 Hands*® and *Stag's Leap Wine Cellars*™, and it imports and markets *Antinori*®, *Champagne Nicolas Feuillatte*™, *Torres*® and *Villa Maria Estate*™ products in the United States. Trademarks and service marks related to Altria referenced in these remarks are the property of Altria or its subsidiaries or are used with permission. More information about Altria is available at altria.com and on the Altria Investor app.

Forward-Looking and Cautionary Statements

These remarks contain projections of future results and other forward-looking statements that involve a number of risks and uncertainties and are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Important factors that may cause actual results and outcomes to differ materially from those contained in the projections and forward-looking statements included in this press release are described in Altria's publicly filed reports, including its Annual Report on Form 10-K for the year ended December 31, 2017 and its Quarterly Report on Form 10-Q for the period ended March 31, 2018.

These factors include the following: significant competition; changes in adult consumer preferences and demand for Altria's operating companies' products; fluctuations in raw material availability, quality and price; reliance on key facilities and suppliers; reliance on critical information systems, many of which are managed by third-party service providers; fluctuations in levels of customer inventories; the effects of global, national and local economic and market conditions; changes to income tax laws; federal, state and local legislative activity, including actual and potential federal and state excise tax increases; increasing marketing and regulatory restrictions; the effects of price increases related to excise tax increases and concluded tobacco litigation settlements, consumption rates and consumer preferences within price segments; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; privately imposed smoking restrictions; and, from time to time, governmental investigations.

Furthermore, the results of Altria's tobacco businesses are dependent upon their continued ability to promote brand equity successfully; to anticipate and respond to evolving adult consumer preferences; to develop, manufacture, market and distribute products that appeal to adult tobacco consumers (including, where appropriate, through arrangements with, and investments in, third parties); to improve productivity; and to protect or enhance margins through cost savings and price increases.

Altria and its tobacco businesses are also subject to federal, state and local government regulation, including by the U.S. Food and Drug Administration. Altria and its subsidiaries continue to be subject to litigation, including risks associated with adverse jury and judicial determinations, courts reaching conclusions at variance with the companies' understanding of applicable law, bonding requirements in the limited number of jurisdictions that do not limit the dollar amount of appeal bonds and certain challenges to bond cap statutes.

In addition, the factors related to Altria's investment in AB InBev include the following: the risk that Altria's equity securities in AB InBev are subject to restrictions on transfer until October 10, 2021; the risk that Altria's reported earnings from and carrying value of its equity investment in AB InBev and the dividends paid by AB InBev on shares owned by Altria may be adversely affected by unfavorable foreign currency exchange rates and other factors, including the risks encountered by AB InBev in its business; the risk that the tax treatment of Altria's transaction consideration from the AB InBev/SABMiller business combination and the accounting treatment of its equity investment are not guaranteed; and the risk that the tax treatment of Altria's investment in AB InBev may not be as favorable as Altria anticipates.

Altria cautions that the foregoing list of important factors is not complete and does not undertake to update any forward-looking statements that it may make except as required by applicable law. All subsequent written and oral forward-looking statements attributable to Altria or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above.