Remarks by Marty Barrington, Altria's Chairman and Chief Executive Officer, at Altria's 2014 Annual Meeting of Shareholders

NOTE: The text of Mr. Barrington's remarks delivered to shareholders at Altria's 2014 Annual Meeting of Shareholders is set forth below. Mr. Barrington's actual remarks have been modified in this reproduction to delete poritons 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 and a section including reconciliations of non-GAAP financial measures to corresponding GAAP measures.

Marty Barrington

Good morning. Welcome to Altria Group, Inc.'s (Altria) 2014 Annual Meeting of Shareholders, which I now call to order. I'm Marty Barrington, Chairman and Chief Executive Officer (CEO) of Altria Group. We welcome all shareholders, employees, retirees and guests who are here today or listening on the webcast.

2013 was a strong year thanks to our terrific brands, talented people and the Mission framework that continues to guide us. Today, we're proud to highlight some of our results and progress.

Our Mission is to own and develop financially disciplined businesses that are leaders in responsibly providing adult tobacco and wine consumers with superior branded products. We pursue our Mission through four core strategies:

- Invest in Leadership;
- Align with Society;
- Satisfy Adult Consumers; and
- Create Substantial Value for Shareholders.

By focusing on these strategies, Altria continued to deliver superior returns for shareholders in 2013. Altria delivered adjusted diluted earnings per share (EPS) growth of 7.7% on the strength of its diverse business model and solid performance by its core tobacco businesses. Our operating companies' premium brands -- *Marlboro, Black & Mild*, *Copenhagen* and *Skoal* -- continued to hold the leading positions in the largest and most profitable U.S. tobacco categories. In innovative products, Nu Mark LLC (Nu Mark) took important steps on its path toward leadership in the e-vapor category with the launch of *MarkTen* and its recent acquisition of Green Smoke, Inc. (Green Smoke). We're pleased to welcome the Green Smoke team to our family.

Altria's smokeable products segment grew full-year adjusted operating companies income (OCI) by 2.4% to $6.4 billion. The smokeless products segment grew adjusted operating companies income by 7% to over $1 billion and the wine segment grew adjusted operating companies income by 13.5% to $118 million. And each of the segments expanded their adjusted operating companies income margins, in part due to our focus on productivity. In fact, we reached our goal in 2013 of achieving $400 million in annualized savings versus previously planned spending.

We also provided significant cash returns to shareholders, paying more than $3.6 billion in dividends. And we increased the dividend by 9.1% -- our 47th increase in the last 44 years.

Our adjusted diluted EPS growth, together with our large and growing dividend, helped deliver total shareholder return of 28.6% in 2013, which outpaced the S&P Food, Beverage & Tobacco Index.

In 2013, we continued to achieve success in managing litigation. For example, Philip Morris USA Inc. (PM USA) obtained a defense judgment in the 16-year old *Brown* Lights class action case in California and the New York Court of Appeals refused to recognize an independent medical monitoring claim against PM USA. However, we continue to face substantial litigation challenges, as we have for many years. Almost 10 years ago, the Illinois Supreme Court dismissed a $10.1 billion verdict against PM USA in a "Lights" case known as *Price*. Recently, a lower Illinois court ordered that the judgment against PM USA in *Price* be reinstated. PM USA is asking the Illinois Supreme Court to immediately review this unprecedented decision, which we believe is contrary to law. A comprehensive discussion of tobacco-related litigation is found in Altria's 2014 first-quarter Form 10-Q filing. Our goal remains to protect the interests of our shareholders by vigorously defending these claims.

Over the long-term, our financial goals are to:

- grow adjusted diluted EPS at an average annual rate of 7% to 9%; and
- maintain a target dividend payout ratio of approximately 80% of adjusted diluted EPS.

From 2011 through 2013, we grew our adjusted diluted EPS at a compounded annual rate of 7.8% and grew our dividend at a compounded annual rate of 8.1% to $1.92 per share. During that period, we paid shareholders $10.2 billion in dividends and repurchased approximately $3 billion of shares.

Our earnings performance and strong dividend contributed to total shareholder return of 83% from 2011-2013, outperforming the S&P 500's return of 57%.

To create value for shareholders, we focus on the four core strategies I mentioned. Our first strategy of Investing in Leadership reflects our focus on excellent people, leading brands and stakeholders important to our success. Leadership has long been a hallmark of Altria, and last year we continued to invest in our people to help us remain successful in a dynamic environment.

In 2013, we surveyed employees to measure their engagement and better understand how Altria compares with other high-performing companies. The results confirmed that Altria is a terrific place to work and that our workforce is engaged and aligned to our Mission. In fact, more than three-fourths of employees who responded said they would recommend Altria as a great place to work; a similar number said they saw a clear link between their work and the company's Mission and goals. These results were well above the benchmark companies, many of which are recognized by *Fortune* magazine as "Best Places to Work."

We also received helpful feedback on opportunities to do even better, including enhancing our culture to support innovation and diversity and inclusion. In 2013, we made strong progress in these areas.

Our Values define our expected behaviors as we pursue our Mission. They are:

- Integrity, Trust and Respect;
- Passion to Succeed;
- Executing with Quality;
- Driving Creativity into Everything We Do; and
- Sharing with Others.

So, we began by making sure our Values clearly included behaviors essential to innovation and inclusion. We supplemented our leadership development programs to improve our executives' capability to lead in an innovative and inclusive way. And we're continuing to shape our culture through training, communication and recognition programs.

We also established an Executive Diversity Council, which I chair, to oversee our diversity and inclusion efforts. We expanded employee resource groups to better foster professional development, engagement, inclusion and business success. As a result, hundreds of employees now are participating in employee resource groups. We also launched a mentoring program within our Women's Network and are expanding it. Through these collective efforts, we'll:

- improve our innovation systems and culture;
- enhance the skills, knowledge and capabilities across our organization;
- better fill our leadership pipeline with a diverse set of qualified candidates; and
- promote a culture where all are welcome and challenged to contribute.

Investing in leadership also includes our communities. During the last 10 years, we've contributed nearly $1 billion in cash and in-kind contributions and partnered with hundreds of non-profit organizations who are improving the communities where our companies operate. Today, we focus primarily on supporting positive youth development, protecting the environment and arts and culture. We also participate in important civic initiatives, support and honor our veterans and are there to help when emergency relief is needed.

Examples of our 2013 efforts include:

- providing the Science Museum of Virginia with $1 million to help develop a statewide youth science program;
- leading the creation and funding of Middle School Renaissance 2020, an initiative that's developing effective after-school programs for middle school kids in Richmond Public Schools;
- funding Boulder Crest, a healing retreat for wounded veterans and their families; and
- helping the American Red Cross deliver relief to those affected by tornadoes in Illinois and Oklahoma.

We also support our employees' generous efforts to donate their time and resources to their communities. The Altria Companies Employee Community Fund is the cornerstone of these efforts. This employee-managed Fund awarded nearly $3 million to approximately 140 grantees last year. Altria matched more than $1.2 million in employees' charitable contributions and our employees volunteered over 34,000 hours in 2013.

We're privileged to partner with best-in-class community organizations and we're immensely proud of the generous spirit of our employees.

Our second strategy is aligning with society. Our long-term business success requires that we manage our businesses responsibly and actively participate in resolving societal concerns relevant to them.

To begin, kids should not smoke or use any tobacco products. For many years, PM USA has invested in positive youth development programs to help kids make healthy decisions and resist a range of risky behaviors, including tobacco use. Today, progress continues through the efforts of many, including our companies, the U.S. Food and Drug Administration (FDA or Agency), youth-serving organizations, retailers and third-party groups like *We Card®*.

We invest through our Success360° initiative, which helps organizations better deliver programs to middle school kids so they can lead healthy lives and avoid using tobacco. Success360° partners include leading organizations such as Boys & Girls Clubs and Big Brothers Big Sisters. In 2013, we invested more than $21 million in Success360°.

These programs and many other efforts have helped reduce the rate of underage tobacco use to the lowest level in a generation. According to government data, the rate of current use of any tobacco products among 12-17 year olds declined to 8.6% in 2012, down from 15.2% in 2002. Significant progress has been made, but there's still more to do.

Our approach to this issue informs our position on e-vapor. We agree that the sale of all tobacco and nicotine-containing products should have a minimum purchase age of 18 and we've encouraged FDA and the states to enact such an age requirement. Last month, FDA announced it was extending its regulatory authority over e-vapor and other tobacco products and issued proposed regulations, including a minimum purchase age of 18. We will continue to support that provision as FDA develops its final rule.

You'll find our positions and practices regarding these, and other tobacco-related issues, on our websites. PM USA's website, for example, acknowledges the overwhelming medical and scientific consensus that cigarette smoking is addictive and causes serious disease in smokers. The site and PM USA's direct mail communications highlight the online QuitAssist® resource, which offers cessation information.

We also respond to other societal expectations, such as environmental stewardship. We have set long-term goals to reduce our environmental impacts and are making good progress. For example:

- we helped restore 1.3 billion gallons of water in the Washington state river basins near many of Ste. Michelle Wine Estates' (Ste. Michelle) vineyards;
- PM USA and U.S. Smokeless Tobacco Company (USSTC) are replacing their boilers to reduce greenhouse gas emissions and costs; and
- PM USA signed up more than a half million adult smokers to reduce cigarette litter.

Our corporate responsibility efforts are more fully described at altria.com. Fundamentally, we welcome the opportunity to work on issues relevant to our businesses. While there is always more to do, third-parties continue to recognize Altria for this approach. For example:

- Altria was named for the second consecutive year to the Dow Jones Sustainability North America Index;
- Civic 50 selected Altria again as one of America's most community-minded companies;
- *DiversityInc* magazine named Altria one of 25 Noteworthy Companies for Diversity; and
- *Corporate Responsibility* magazine has named Altria for four consecutive years to its 100 Best Corporate Citizens list.

Our third strategy is satisfying adult consumers by converting our understanding of their preferences into better and more creative products.

Our tobacco companies maintain leading positions in cigarettes with *Marlboro*, in machine-made large cigars with *Black & Mild* and in smokeless tobacco with *Copenhagen* and *Skoal*. They are committed to responsibly marketing these products by building relationships between brands and their adult consumer audiences, while taking steps designed to limit reach to unintended audiences.

In 2013, PM USA continued to invest in the *Marlboro* brand architecture to maintain the brand's momentum. The brand architecture engages loyal and competitive adult smokers more effectively and is driving innovation in products, packaging, equity campaigns and promotions. For example, in 2013, *Marlboro* expanded Southern Cut in the Gold family and *Marlboro* Edge in the *Marlboro* Black family. Improvements to *Marlboro*.com expanded the brand's ability to deliver engaging content directly to age-verified smokers 21 years and older through their mobile devices. *Marlboro* has grown its share of the U.S. cigarette category consistently since 1954, achieving a 43.7% retail share in 2013. Today, *Marlboro* is larger than the next 10 cigarette brands combined.

Turning to machine-made large cigars, *Black & Mild* is positioned as the best any-day cigar adults enjoy for its smooth taste and pleasant aroma. Middleton expanded *Black & Mild* Jazz nationally in 2013 to help strengthen its position in the category.

In smokeless, *Copenhagen* has provided adult dippers moist smokeless tobacco satisfaction since 1822. *Copenhagen* reinforces its strong equity through product quality, packaging, one-to-one adult communications and promotions like the "Men of Copenhagen," in which *Copenhagen* brings adult dippers together to work on community projects. USSTC also has focused on profitably expanding *Copenhagen's* appeal to more adult dippers, including through product innovations like *Copenhagen* Southern Blend and *Copenhagen* Black.

The *Skoal* brand celebrates its 80th anniversary this year. *Skoal* offers a smooth, balanced smokeless tobacco experience. *Skoal* is refreshing its value equation to strengthen its position. For instance, *Skoal* is using the equity campaign of "A Pinch Better." Over the past three years, USSTC has grown *Copenhagen* and *Skoal*'s combined retail share by 2.8 points to 50.7% in 2013.

Moving to our wine business, Ste. Michelle continues to earn critical acclaim, including nearly 225 90+ ratings across its portfolio in 2013.

Beyond our core businesses, many adult tobacco consumers are interested in innovative tobacco alternatives. We're focused on meeting these evolving preferences and developing potentially lower-risk products, which we believe is a significant opportunity under FDA regulation.

In 2012, we established Nu Mark to develop and commercialize innovative products for adult tobacco consumers. Last year, Nu Mark made good progress toward its long-term goal of category leadership in the growing U.S. e-vapor category. The company launched *MarkTen* in Indiana and Arizona. Following these successful tests, Nu Mark begins its rolling national launch of *MarkTen* in the coming weeks. Additionally, Nu Mark recently acquired the Green Smoke e-vapor business, adding significant e-vapor experience and complementing its product portfolio.

Late last year, we announced agreements with Philip Morris International Inc. (PMI). Under these arrangements, Altria licensed PMI exclusively to sell Nu Mark's e-vapor products in international markets. Altria received an exclusive U.S. license from PMI to commercialize two of the innovative heated tobacco products that it is developing and for which it is pursuing FDA approval as a modified risk tobacco product.

We're supporting our innovative product strategies by constructively engaging with FDA and other stakeholders. We continue to believe that developing a comprehensive harm-reduction framework is among the most meaningful actions FDA can take to reduce the health effects of tobacco use. We are advocating for a science-based regulatory system that:

- timely evaluates products that are potentially less harmful than conventional cigarettes; and
- encourages innovation and accurate, scientifically-grounded communication to adult consumers.

Our approach to FDA regulation includes both compliance and advocacy. The Agency has inspected all of our regulated companies' manufacturing facilities and audited numerous marketing programs in adult-only facilities. In 2013, our tobacco companies made numerous presentations and submissions on proposed regulations. We'll continue to build a long-term, constructive relationship with the Agency.

In summary, we remain focused on maintaining a strong core business, while making disciplined investments in innovative products for the future. In pursuing our Mission, Altria has consistently delivered value for you, our shareholders. We're pleased with our recent business performance and proud of our results.

Turning to 2014, in the first quarter, our businesses continued to make excellent progress. Altria's 2014 first-quarter adjusted diluted EPS, which excludes the impact of special items, increased 5.6% behind a strong performance from our smokeable products segment and growth in our smokeless products segment. Each of our reportable segments grew their adjusted operating companies income, income margins and grew retail share in line with their strategies. Further, we paid shareholders $957 million in dividends in the first quarter and purchased $272 million in shares. As of April 30, 2014, Altria maintained an attractive annualized dividend yield of 4.8%.

We are off to a good start against our full-year objectives. Altria thus reaffirms that it expects its 2014 full-year adjusted diluted EPS to increase by 6% to 9% to a range of $2.52 to $2.59 from an adjusted diluted base of $2.38 per share in 2013.

Altria has an outstanding track record of delivering consistent, attractive results for shareholders. We remain confident that our strategies, our companies' leading brands and our diverse business model will continue to create value for our shareholders into the future. None of this would be possible without our talented employees whose passion and efforts drive our success, and I thank them for all that they do. I also want to thank you, our shareholders, for your continuing confidence in Altria. It is a privilege for me to serve as Chairman and CEO of this great company.

<u>Altria's Profile</u>

Altria owns 100% of each of PM USA, USSTC, John Middleton Co. (Middleton), Nu Mark, Ste. Michelle and Philip Morris Capital Corporation (PMCC). Altria holds a continuing economic and voting interest in SABMiller plc (SABMiller).

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*™ and *Villa Maria Estate*™ products in the United States. Trademarks and service marks related to Altria referenced in this release are the property of Altria or its subsidiaries or are used with permission. More information about Altria is available at altria.com.

<u>Forward-Looking and Cautionary Statements</u>

Today's 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 today's remarks are described in Altria's publicly filed reports, including its Annual Report on Form 10-K for the year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the period ended March 31, 2014.

These factors include the following: Altria's tobacco businesses (including PM USA, USSTC, Middleton and Nu Mark) being subject to significant competition; changes in adult tobacco consumer preferences and demand for their 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 on trade inventories, 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 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 broad-based regulation of PM USA and USSTC by the FDA. 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.

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.

Non-GAAP Financial Measures

Altria reports its financial results, including diluted EPS, in accordance with U.S. generally accepted accounting principles (GAAP). Today's remarks contain historical results and 2014 guidance for diluted EPS on both a reported basis and on an adjusted basis, which excludes items that affect the comparability of reported results. Reconciliations of adjusted measures to the most directly comparable GAAP measures are provided below.

Altria Group, Inc. and Consolidated Subsidiaries, Full-Year Adjusted EPS Results Excluding Special Items				
	Full Year Ended December 31,			
	2013	2012	2011	2010
Reported diluted EPS	**$ 2.26**	**$ 2.06**	**$ 1.64**	**$ 1.87**
NPM Adjustment Items[1]	(0.21)	-	-	-
Loss on early extinguishment of debt	0.34	0.28	-	-
Asset impairment, exit, integration and implementation costs	-	0.01	0.07	0.04
UST acquisition-related costs	-	-	-	0.01
SABMiller special items	0.01	(0.08)	0.03	0.03
PMCC leveraged lease (benefit) charge	-	(0.03)	0.30	-
Tax items[2]	(0.03)	(0.03)	(0.04)	(0.05)
Tobacco and health judgments	0.01	-	0.05	-
Adjusted diluted EPS	**$ 2.38**	**$ 2.21**	**$ 2.05**	**$ 1.90**
Adjusted diluted EPS annual growth rate (2013 vs. 2012)	**7.7%**			
Adjusted diluted EPS compounded annual growth rate (2013 vs. 2010)	**7.8%**			

[1] Full-year 2013 reflects the impact of PM USA's settlement with certain states and territories of the non-participating manufacturer (NPM) adjustment disputes for 2003-2012 (NPM Adjustment Settlement) and the diligent enforcement rulings of the arbitration panel presiding over the NPM adjustment dispute for 2003 (NPM Arbitration Panel Decision). The NPM Adjustment Settlement and the NPM Arbitration Panel Decision are collectively referred to as the NPM Adjustment Items. For a full discussion of these matters and related litigation challenges, see Altria's Annual Report on Form 10-K for the year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the period ended March 31, 2014.

[2] Excludes the tax impact of the PMCC leveraged lease (benefit) charge.

Altria Group, Inc. and Consolidated Subsidiaries, Selected Financial Data by Reporting Segment for Years Ended December 31,
($ in millions)

	Smokeable Products		Smokeless Products		Wine	
	2013	2012	2013	2012	2013	2012
Reported OCI	**$ 7,063**	**$ 6,239**	**$ 1,023**	**$ 931**	**$ 118**	**$ 104**
NPM Adjustment Items	(664)	-	-	-	-	-
Asset impairment, exit, and implementation costs, net	4	28	3	28	-	-
Tobacco and health judgments	18	4	-	-	-	-
Adjusted OCI	**$ 6,421**	**$ 6,271**	**$ 1,026**	**$ 959**	**$ 118**	**$ 104**
Change in adjusted OCI 2013 vs. 2012	**2.4%**		**7.0%**		**13.5%**	

Altria Group, Inc. and Consolidated Subsidiaries, First Quarter Adjusted EPS Results Excluding Special Items			
	First Quarter Ended March 31,		
	2014	2013	Change
Reported diluted EPS	**$ 0.59**	**$ 0.69**	**-14.5%**
NPM Adjustment Items[1]	(0.02)	(0.15)	
Adjusted diluted EPS	**$ 0.57**	**$ 0.54**	**5.6%**

[1] For the first quarter of 2014, reflects the impact of interest income related to the NPM Arbitration Panel Decision. For a full discussion of these matters and related litigation challenges, see Altria's Annual Report on Form 10-K for the year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the period ended March 31, 2014.

Altria Group, Inc. and Consolidated Subsidiaries, Full-Year EPS Guidance Excluding Special Items						
	Full Year					
	2014 Guidance			2013	Change		
Reported diluted EPS	**$ 2.53**	**to**	**$ 2.60**	**$ 2.26**	**11%**	**to**	**14%**
NPM Adjustment Items			(0.02)	(0.21)			
Tobacco and health judgments			-	0.01			
SABMiller special items			0.01	0.01			
Loss on early extinguishment of debt			-	0.34			
Tax items			-	(0.03)			
Adjusted diluted EPS	**$ 2.52**	**to**	**$ 2.59**	**$ 2.38**	**6%**	**to**	**9%**

Source: Altria Group, Inc.

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