Remarks by Howard A. Willard III, Altria Group, Inc.'s (Altria) Chairman and Chief Executive Officer (CEO), at Altria's 2019 Annual Meeting of Shareholders

NOTE: The text of Mr. Willard's remarks delivered to shareholders at Altria's 2019 Annual Meeting of Shareholders is set forth below. Mr. Willard'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. Willard'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.

Howard Willard

I'm pleased to now provide shareholders an update on our business.

In 2018, Altria took bold steps that we believe position us best among our peers to sustain our earnings growth and industry leadership across a variety of future scenarios.

Today, we'll discuss our evolved business platform, including our core tobacco businesses and recent strategic investments. And, I'll update you on some other priorities.

Altria closed out 2018 with excellent full-year adjusted diluted EPS of $3.99, representing 17.7% growth over the prior year.

We continued to reward shareholders by maintaining a dividend payout ratio target of approximately 80% of our adjusted diluted earnings per share (EPS). In fact, our Board of Directors raised the regular quarterly dividend twice in 2018, growing dividends per share 21.2%. We paid approximately $5.4 billion in dividends, and made nearly $1.7 billion in share repurchases, returning a combined $7.1 billion to shareholders.

At the core, our operating companies made investments to strengthen their businesses for the long term.

PM USA expanded *Marlboro* Ice in 2018 with a reseal packaging innovation that resonated with adult smokers. It also began offering *Marlboro* Smooth in the innovative reseal pack. With this success, PM USA plans to further expand the reseal pack technology to other offerings this year.

PM USA also had a very successful 2018 trial of a new loyalty promotion, and launched the *Marlboro* Rewards loyalty program nationally in January of this year.

Through these investments and other efforts, PM USA stabilized *Marlboro* retail share in 2018, and the smokeable segment delivered more than $8.4 billion in adjusted operating companies' income.

The smokeless products segment grew adjusted operating companies' income by 7.5% in 2018. Driven by growth in USSTC's flagship *Copenhagen* brand, our total smokeless retail share once again led the industry at 54%.

To summarize, 2018 was a strong year for our core tobacco businesses.

2018 was also marked by two transformative investments in areas we believe are poised for excellent growth.

In e-vapor, we made a $12.8 billion investment for a 35% ownership interest in JUUL, the U.S. leader in e-vapor.

This investment prepares Altria for a future where adult smokers overwhelmingly choose non-combustible products with the potential to reduce harm. We believe that working with JUUL to accelerate its mission will have long-term benefits for adult smokers and our shareholders.

Altria also announced its intention to acquire a 45% ownership interest in Cronos, a leading global cannabinoid company, headquartered in Toronto, Canada, and subsequently closed the transaction in the first quarter of this year. Our investment includes the opportunity to increase our ownership interest up to 55%. This strategic investment positions Altria to participate in the emerging global cannabis sector, which we believe is poised for rapid growth over the next decade.

Finally, our alcohol assets complement our category-leading tobacco businesses and our other strategic investments. Altria's ownership of Ste. Michelle provides exposure to the premium wine category, and our approximate 10% interest in AB InBev allows us to participate in the global beer profit pool.

This strong and diversified business platform rests on, of course, our people. We're committed to continuing to make Altria an interesting, dynamic and rewarding place to work for our employees. We're focused on delivering better results on inclusion and diversity, and offering all of our employees an opportunity to grow. All of these efforts are also intended to benefit adult consumers, customers and our shareholders.

Moving to 2019, our first quarter adjusted diluted EPS declined in the mid-single digit range in line with our guidance. Our core businesses are performing on plan, and we believe we're on track to deliver against our full-year 2019 guidance.

We reaffirm our guidance to deliver 2019 adjusted diluted EPS in a range of $4.15 to $4.27, representing a growth rate of 4% to 7% from our adjusted diluted EPS base of $3.99 in 2018.

Let's transition to the opportunity to advance tobacco harm reduction. We're now closer than ever to realizing this goal of harm reduction. We've invested in three promising non-combustible product platforms.

First, we have the largest and most profitable smokeless tobacco business in USSTC. The company filed a modified risk tobacco product application for *Copenhagen* Snuff last year. USSTC's presentation to the Tobacco Products Scientific Advisory Committee in February was very well received, and the committee overwhelmingly voted that the proposed modified risk claim is supported by scientific evidence. This was an important step. It is critical that adult smokers have accurate information that will help them switch to non-combustible tobacco products. The U.S. Food and Drug Administration (FDA) will continue reviewing the application.

Second, with recent FDA authorization of the *IQOS* heated tobacco system, we now have the opportunity to distribute *IQOS*, the world leader in heated tobacco, in the U.S. *IQOS* has achieved strong success internationally, and we're excited to bring this platform to adult smokers, beginning with a lead market in Atlanta in the third quarter.

Third, we have a 35% ownership interest in JUUL, the leading e-vapor company with global expansion plans. *JUUL* is a key element of our portfolio approach to harm reduction. Today, more than 13 million adults in the U.S. have chosen e-vapor products, demonstrating that the vision of switching adults to non-combustible alternatives can be realized.

Youth e-vapor use, however, threatens the potential of harm reduction for adults. That's why we're advocating for raising the minimum age to purchase all tobacco products to 21 at both the federal and state levels. With passage of legislation in 15 states and the District of Columbia to date and bipartisan support in Congress, we're making significant headway on this important issue. And, we're investing an additional $100 million over two years in underage tobacco prevention, to help drive down youth e-vapor use.

As adult smokers are more willing than ever to switch to non-combustible tobacco products, we now have access to the leading brands and products across all of the most relevant, non-combustible categories.

Let's close on another area of long-standing commitment – corporate responsibility.

As part of our decades-long effort on underage tobacco prevention, we remain fully invested in working with organizations that promote healthy development of kids to help them avoid risky behaviors, like tobacco use. For example, through the Success360° program, Altria's tobacco companies invest in leading national and local non-profit organizations that serve middle school kids and their families.

Altria also established goals to reduce our environmental impact by the end of 2025. We committed to the Science Based Targets Initiative, started by CDP and others, to help mitigate the rise in global temperature. Beyond this commitment, some of our operating companies have established additional goals. For example, PM USA's water recycling project will save significant amounts of water annually and contribute to our water neutrality goal. They have also implemented programs to reduce energy use in their facilities.

In our supply chain, GAP Connections, of which Altria is a founding member, launched a voluntary Tobacco Grower Certification Program. This program creates a comprehensive and transparent tool to verify compliance with agricultural best practices. We're very pleased with the level of voluntary participation by our growers in only the first year.

These efforts and others earned Altria continued recognition, including:

- ranking 14th on Corporate Responsibility Magazine's 100 Best Corporate Citizens List, our ninth consecutive year to be named to this list
- acknowledgment as one of America's most community-minded companies in The Civic 50
- listing on CDP's Water A-List for the second year in a row, one of only 31 global companies to receive an A grade last year
- ranking fourth among the S&P 500 on the Center for Political Accountability-Zicklin Index that measures corporate political activity disclosures; and

- achieving a perfect score of 100 on the Human Rights Campaign Corporate Equality Index and recognition as one of the "Best Places to Work For LGBTQ Equality."

Credit for all of these achievements belongs to our deeply talented employees. We're grateful for their dedication to these efforts.

I encourage all shareholders to learn more about these efforts and other important work we are doing in the area of sustainability by visiting our website, altria.com.

Thank you.

Altria 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), Ste. Michelle Wine Estates Ltd. (Ste. Michelle) and Philip Morris Capital Corporation (PMCC). Altria holds equity investments in Anheuser-Busch InBev SA/NV (AB InBev), JUUL Labs, Inc. (JUUL) and Cronos Group Inc. (Cronos Group).

The brand portfolios of Altria's tobacco operating companies include *Marlboro*®, *Black & Mild*®, *Copenhagen*® and *Skoal*®. 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 this release 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, or follow us on Twitter, Facebook and LinkedIn.

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 these remarks are described in Altria's publicly filed reports, including its Annual Report on Form 10-K for the year ended December 31, 2018 and its Quarterly Report on Form 10-Q for the period ended March 31, 2019. 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 (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.

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.

The factors related to Altria's investment in JUUL include the following: the possibility that regulatory approvals required for the conversion of the shares into voting shares may not be obtained in a timely manner, if at all; and that such approvals may be subject to unanticipated conditions; the possibility that the expected benefits of the transaction may not materialize in the expected manner or timeframe, if at all; the potential inaccuracy of the financial projections (including projections relating to JUUL's domestic growth and international expansion); prevailing economic, market, regulatory or business conditions, or changes in such conditions, negatively affecting the parties; the risk of a downgrade in Altria's credit ratings; risks that the transaction disrupts JUUL's current plans and operations; the fact that Altria's reported earnings, financial position and expected use of equity accounting and any future dividends paid by JUUL on shares owned by Altria may be adversely affected by tax and other factors, including the risks encountered (including regulatory and litigation risks) and decisions made by JUUL in its business; risks related to the investment disrupting Altria, JUUL or their respective management; and risks relating to the effect of the transaction on JUUL's ability to retain and hire key personnel or on its relationships with customers, suppliers and other third parties.

The factors related to Altria's investment in Cronos include the following: the possibility that the expected benefits of the transaction may not materialize in the expected manner or timeframe, if at all; the potential inaccuracy of the financial projections; prevailing economic, market, or business conditions negatively affecting the parties; risks that the transaction disrupts Cronos's current plans and operations; the fact that Altria's reported earnings and financial position and any dividends paid by Cronos on shares owned by Altria may be adversely affected by unfavorable foreign currency exchange rates, tax and other factors, including the risks encountered by Cronos in its business; risks related to the disruption of the transaction to Altria, Cronos and their respective management; and risks relating to the effect of the transaction on Cronos's ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties.

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.