Remarks by Marty Barrington, Altria Group, Inc.'s (Altria) Chairman, Chief Executive Officer (CEO) and President, at Altria's 2016 Annual Meeting of Shareholders

NOTE: The text of Mr. Barrington's remarks delivered to shareholders at Altria's 2016 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 and a section including reconciliations of non-GAAP financial measures to corresponding GAAP financial measures.

Marty Barrington

We're now pleased to update you on the business. We know that shareholders are familiar with our results through various means, including our 2015 Annual Report, our recent presentation at the CAGNY conference, and our first quarter earnings release. All those materials are available at altria.com.

So rather than repeat all that here, we've prepared a card highlighting some of our business results and successes. We'll briefly discuss:

- a high-level summary of full-year 2015 and first-quarter 2016 operating and financial results; and
- our corporate responsibility initiatives.

Let's start with our operating and financial results.

In 2015, Altria and its companies delivered yet another year of excellent business results and outstanding returns for our shareholders, all in line with our strategies.

- We grew adjusted diluted earnings per share (EPS) nearly 9%.
- We increased our dividend 8.7% and paid shareholders nearly $4.2 billion in dividends.
- *Marlboro* achieved record retail share of 44%, larger than the next 10 brands combined.
- *Copenhagen* and *Skoal* achieved combined retail share of 51.3%, a record since the UST LLC acquisition.
- Nu Mark LLC (Nu Mark) continued the disciplined expansion of its *MarkTen* XL e-vapor product in select chains.

- We supported the approximately $107 billion business combination between Anheuser-Busch InBev SA/NV (AB InBev) and SABMiller plc (SABMiller), which will create the first truly global beer company, and in which we anticipate Altria owning an approximately 10.5% interest.

- And we delivered total shareholder return (TSR) of over 23%, far outpacing the S&P 500 and the S&P Food, Beverage and Tobacco Index. As a reminder, our TSR was 35% in 2014 and 29% in 2013.

Our heritage of consistent, long-term performance, profit growth and cash returns to shareholders continues to be why we believe Altria is such an attractive investment. In fact, a recent Wall Street Journal commentary placed Altria in elite company as one of the best U.S. stocks over the past 30 years, with cumulative total returns of 10,000% or more. And Barron's recently ranked Altria third among the top 500 public companies for delivering superior operating performance over the past three years.

Turning to 2016, our businesses are off to a strong start against our full-year objectives. Altria grew first-quarter adjusted diluted EPS by 14.3% despite a tough 2015 comparison. And both the smokeable and smokeless products segments saw robust adjusted operating companies income growth and expanded margins. So once again, our first-quarter results illustrate the strength of our core tobacco businesses and our focus on execution.

Therefore, we reaffirm our guidance for 2016 full-year adjusted diluted EPS in a range of $3.00 to $3.05, representing growth of 7% to 9% from our 2015 adjusted diluted EPS base of $2.80.

How we achieved these results is as important as **what** we achieved.

Responsibility is core to our Mission and Values, which guide us daily. In fact, Altria was named to *CR Magazine*'s 100 Best Corporate Citizens list for the sixth straight year.

We've identified four responsibility priorities that are important to our stakeholders and key to our continued success:

- reducing the harm of tobacco products;

- marketing responsibly;

- managing our supply chain responsibly; and
- developing our people and culture.

We'll comment briefly on our work respecting harm reduction and supply chain responsibility.

Our companies take a comprehensive approach to tobacco harm reduction that includes:

- helping reduce underage tobacco use;
- supporting cessation efforts;
- communicating about the health effects of tobacco use; and
- developing and marketing lower-risk products.

Kids should not smoke or use any tobacco products. Our companies continue to invest in positive youth development programs to help young people build self-confidence, make healthy decisions and resist risky behaviors, including tobacco use. In 2015, our companies invested more than $22 million in our Success360° initiative, which promotes the healthy development of middle schoolers by supporting youth-serving organizations such as Big Brothers Big Sisters and Boys and Girls Clubs, among others. These investments are part of an approach that has contributed to positive results over time. In fact, according to the National Survey on Drug Use and Health, underage use of cigarettes is at a generational low, however there's still work to be done across tobacco products, including e-cigarettes.

Adult tobacco consumers should be guided by the messages of public health authorities in making decisions whether to use tobacco products. Our companies communicate about health risks by complying with all federal laws and regulations requiring health warnings. In addition, Altria's companies submit extensive information to the U.S. Food and Drug Administration (FDA or the Agency) about the ingredients used and the harmful and potentially harmful constituents found in cigarette smoke and smokeless tobacco. FDA has the authority to determine how this information is communicated to the public.

For adults who continue to use tobacco products, a growing body of evidence suggests that some products may be less harmful than others. So our companies are developing a portfolio of innovative products to both meet the evolving preferences of adult tobacco consumers and potentially reduce the risk of tobacco-related disease. And we engage with the FDA on our scientific research and results to assess that potential. In an important recent development, the Agency published its final deeming regulations, thus extending its regulatory authority to all tobacco products, including e-vapor.

For example, we have exclusive rights in the United States to Philip Morris International Inc.'s (PMI) heated tobacco product. PMI is conducting extensive research to substantiate potential reduced-exposure and reduced-risk claims. We are supporting PMI on an FDA application to designate this product as a modified risk tobacco product, and our teams are making excellent progress on branding and go-to-market strategies for the U.S. Developing a comprehensive harm-reduction strategy is among the most meaningful actions the FDA can take to reduce the health effects of tobacco.

Moving to supply chain responsibility, we continue to support protecting worker rights and helping growers to enhance farm safety and labor practices. For example, in 2015, we helped more than 10,000 growers receive training on labor management. And we enhanced our monitoring programs to include farm worker interviews to better assess grower compliance with our Supplier Code of Conduct.

So, the Executive Leadership team and I are very pleased with Altria's strong business performance and the companies' momentum. We recognize and thank our talented colleagues for delivering these strong results and staying committed to our Mission and Values.

Once again, for a more detailed discussion of our business results and responsibility efforts, please refer to altria.com.

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., Nu Mark, Ste. Michelle Wine Estates Ltd. (Ste. Michelle) and Philip Morris Capital Corporation. Altria holds a continuing economic and voting interest in 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*™, *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.

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, 2015 and its Quarterly Report on Form 10-Q for the period ended March 31, 2016.

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 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, 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 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.

In addition, the factors related to AB InBev's proposed transaction to effect a business combination with SABMiller include the following: the risk that one or more conditions to closing the proposed transaction may not be satisfied; the risk that a shareholder or regulatory approval required for the proposed transaction is not obtained or is obtained subject to conditions that are not anticipated; AB InBev's inability to achieve the contemplated synergies and value creation from the proposed transaction; the fact that Altria's election to receive transaction consideration in the form of equity is subject to proration, which may result in a reduced percentage ownership of the combined company, additional tax liabilities and/or changes in our accounting treatment of the investment; the fact that the equity securities to be received by Altria as transaction consideration will be subject to restrictions on transfer lasting five years from completion of the proposed transaction; the risk that AB InBev's share price, which affects the value of Altria's transaction consideration, will fluctuate based on a variety of factors that are beyond Altria's control; the fact that the strengthening of the U.S. dollar against the British pound would adversely affect Altria's cash consideration as the British pound would translate into fewer U.S. dollars; the risk that the tax treatment of Altria's transaction consideration is not guaranteed; and that the tax treatment of the dividends Altria receives from the new company may not be as favorable as dividends from SABMiller.

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 in accordance with U.S. generally accepted accounting principles (GAAP). Altria's management reviews operating companies income (OCI), which is defined as operating income before general corporate expenses and amortization of intangibles, to evaluate the performance of, and allocate resources to, the segments. Altria's management also reviews certain financial results, including OCI, operating margins and diluted 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, SABMiller special items, certain tax items, charges associated with tobacco and health litigation items, and settlements of, and determinations made in connection with, certain non-participating manufacturer (NPM) adjustment disputes (such settlements and determinations are referred to collectively as NPM Adjustment Items). Altria's management does not view any of these special items to be part of Altria's sustainable results as they may be highly variable, are difficult to predict and can distort underlying business trends and results. Altria's management believes that adjusted financial measures provide useful 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.

Altria's full-year adjusted diluted EPS guidance excludes the impact of certain income and expense items, including those items noted above. Altria's management cannot estimate on a forward-looking basis the impact of these items on Altria's reported diluted EPS because these items, which could be significant, are difficult to predict and may be highly variable. As a result, Altria does not provide a corresponding GAAP measure for, or reconciliation to, its adjusted diluted EPS guidance.

Altria Group, Inc. and Consolidated Subsidiaries, Full-Year Adjusted Diluted EPS

	Full Year Ended December 31,	
	2015	**2014**
Reported diluted EPS	**$ 2.67**	**$ 2.56**
NPM Adjustment Items	(0.03)	(0.03)
Tobacco and health litigation items	0.05	0.01
SABMiller special items	0.04	0.01
Loss on early extinguishment of debt	0.07	0.02
Asset impairment, exit, integration and acquisition-related costs	-	0.01
Tax items	-	(0.01)
Adjusted diluted EPS	**$ 2.80**	**$ 2.57**
Adjusted diluted EPS annual growth rate (2015 vs. 2014)	**8.9%**	

Altria Group, Inc. and Consolidated Subsidiaries, First Quarter Adjusted Diluted EPS

	First Quarter Ended March 31,	
	2016	**2015**
Reported diluted EPS	**$ 0.62**	**$ 0.52**
NPM Adjustment Items	0.01	-
Tobacco and health litigation items	0.01	0.01
SABMiller special items	0.05	0.03
Loss on early extinguishment of debt	-	0.07
Asset impairment, exit and implementation costs	0.04	-
Gain on derivative financial instrument	(0.01)	-
Adjusted diluted EPS	**$ 0.72**	**$ 0.63**
Adjusted diluted EPS growth rate (Q1 2016 vs. Q1 2015)	**14.3%**	