Remarks by Marty Barrington, Altria Group, Inc.'s (Altria) Chairman, Chief Executive Officer (CEO) and President, at Altria's 2017 Annual Meeting of Shareholders

NOTE: The text of Mr. Barrington's remarks delivered to shareholders at Altria's 2017 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 stay current on our business and financial results through various means, including our 2016 Annual Report, our presentation at the CAGNY conference, and our first-quarter earnings release. All those materials are available at altria.com, and we've also provided today a card highlighting important 2016 business results.

Thus, we'll briefly summarize those results, then update our progress on some key responsibility initiatives.

Altria and its companies had another outstanding year in 2016. We generated adjusted net earnings of $5.9 billion, or $3.03 per share, representing 8.2% adjusted diluted earnings per share (EPS) growth versus the prior year. We delivered a total shareholder return of 20.5%, far outpacing the S&P 500 and S&P Food, Beverage & Tobacco Index. It marks the fourth consecutive year that total shareholder returns exceeded 20%. We paid shareholders over $4.5 billion in dividends, increased our dividend by 8%, and repurchased over $1 billion of Altria shares. We also took advantage of favorable capital market conditions to further strengthen our balance sheet.

Our smokeable products segment delivered excellent performance in 2016, growing adjusted operating companies income (OCI) by 5.3% following almost 11% growth in 2015. *Marlboro* remains the retail share leader across all 50 states and has industry-leading and growing equity scores.

The smokeless products segment grew volume by nearly 5% last year, well ahead of the category, and increased adjusted OCI by 11%. U.S. Smokeless Tobacco Company LLC (USSTC) grew *Copenhagen* and *Skoal*'s combined market share, and *Copenhagen* was both the largest and fastest-growing brand in the MST category.

In e-vapor, Nu Mark LLC (Nu Mark) made excellent progress toward establishing *MarkTen* as a leading brand in the category, continued to improve its supply chain, and took the necessary steps to comply with the U.S. Food and Drug Administration's (FDA) deeming regulations. By year-end, *MarkTen* had reached a number two market share position in retail stores where it's sold.

And we continue to benefit from our alcohol assets. Ste. Michelle Wine Estates Ltd. (Ste. Michelle) grew adjusted OCI by nearly 10% in 2016, and we're excited to celebrate this year the 50th anniversary of Chateau Ste. Michelle, Washington state's founding winery. In beer, our 10.2% ownership in Anheuser-Busch InBev SA/NV (AB InBev) makes us a significant shareholder in the world's first truly global brewer.

We'd like to thank our talented employees for their passion, focus, and dedication, and we congratulate them on another year of outstanding performance.

Moving to 2017, we are off to a solid start despite some short-term headwinds. We grew first-quarter adjusted diluted EPS by 1.4% against a very difficult comparison in the year-ago period. The smokeable products segment continued to generate strong results, which offset lower equity earnings from our beer investment and the effect of the voluntary product recall in the smokeless products segment. Our business fundamentals remain strong and we believe we are well positioned for the rest of 2017. We reaffirm our guidance for 2017 full-year adjusted diluted EPS to be in a range of $3.26 - $3.32, representing growth of 7.5% to 9.5% from our 2016 adjusted diluted EPS base of $3.03.

We're proud of our business success and how we achieved it: responsibly and in line with our company values. We have four principal responsibility focus areas – to reduce the harm of tobacco products, to market responsibly, to manage our supply chain responsibly, and to develop our employees and our culture. Let's look at two of these in more detail.

First, harm reduction. A group of leading public health researchers has concluded that there is a continuum of risk among tobacco products, with conventional combustible cigarettes at the highest end of that spectrum, and other products lower. Our long-term goal is to achieve a leadership position in innovative tobacco products, including those with the potential to reduce harm. We own, of course, the world's largest manufacturer and marketer of smokeless tobacco. We also believe e-vapor holds promise, and we've briefly touched on the progress Nu Mark is making with *MarkTen*.

Another promising technology is heated tobacco. Through our agreement with Philip Morris International Inc. (PMI), Altria has the exclusive commercial rights to the *IQOS* system in the United States. We partnered with PMI on FDA applications to designate *IQOS* as a modified risk tobacco product and for a market order. Once approved for commercialization by the FDA, we plan to launch a lead market.

Ultimately, it's the FDA's role to evaluate potentially reduced-harm products and decide what manufacturers may communicate to consumers about them. So we're actively engaging with the FDA and others to advocate for science- and evidence-based policies and actions that advance harm reduction.

In addition to developing potentially reduced-harm products, we continue to provide cessation resources to adult tobacco consumers who wish to quit. And we continue to dedicate resources to helping reduce underage tobacco use. We invested more than $22 million in 2016 in leading youth-serving organizations like 4-H, Big Brothers Big Sisters, and Boys and Girls Clubs, which help young people build life skills and avoid risky behaviors like tobacco use. According to government studies, underage use of traditional tobacco products continues to decline. However, work always remains, including in the area of reducing underage e-vapor use.

A second focus area is supply chain responsibility. We've been working diligently with tobacco growers to improve the safety and working conditions on their farms. Our role is to set clear expectations, monitor compliance with them, and help growers address any gaps in compliance. We've continued to enhance our approach in these areas. For example, to reinforce our expectations around safety and working conditions, we recently distributed an updated Supplier Code of Conduct and new Tobacco Good Agricultural Practices Guidelines. In 2016, we expanded and enhanced our grower assessments, which now include a review of wage and time records and third-party interviews with farm workers about their working conditions. We encourage you to learn more about these efforts through altria.com and our upcoming 2016 corporate responsibility report.

We operate in competitive businesses and the environment continues to evolve, always presenting new challenges and opportunities. But the leadership team and I feel very good about Altria's performance. And so do others. For example, the large convenience chain Speedway recently named Altria Group Distribution Company its Supplier of the Year, and just last month we were ranked fourth on Corporate Responsibility Magazine's 100 Best Corporate Citizens List. Again, we want to recognize the hard work and dedication of our talented employees.

Altria's Profile

Altria's wholly-owned subsidiaries include Philip Morris USA Inc., USSTC, John Middleton Co., Sherman Group Holdings, LLC, Nu Mark, Ste. Michelle and Philip Morris Capital Corporation. Altria holds an equity investment in 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 this document 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, 2016 and its Quarterly Report on Form 10-Q for the period ended March 31, 2017.

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 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: AB InBev's inability to achieve the contemplated synergies and value creation from its business combination with SABMiller plc (SABMiller); that Altria's equity securities in AB InBev are subject to restrictions on transfer until October 10, 2021; that Altria's reported earnings from and carrying value of its equity investment in AB InBev 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 the dividends Altria expects to receive from 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.

Non-GAAP Financial Measures

Altria reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). Altria's management reviews 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 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, gain on AB InBev/SABMiller business combination, AB InBev/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 under the Master Settlement Agreement (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 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'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, may be infrequent, 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 Earnings Per Share Results

($ in millions, except per share data)

	Earnings before Income Taxes	Provision for Income Taxes	Net Earnings	Net Earnings Attributable to Altria Group, Inc.	Diluted EPS
For the year ended December 31, 2016					
2016 Reported	**$ 21,852**	**$ 7,608**	**$ 14,244**	**$ 14,239**	**$ 7.28**
NPM Adjustment Items	18	7	11	11	0.01
Tobacco and health litigation items	105	34	71	71	0.04
SABMiller special items	(89)	(32)	(57)	(57)	(0.03)
Loss on early extinguishment of debt	823	282	541	541	0.28
Asset impairment, exit, implementation and acquisition-related costs	206	71	135	135	0.07
Patent litigation settlement	21	8	13	13	0.01
Gain on AB InBev/SABMiller business combination	(13,865)	(4,864)	(9,001)	(9,001)	(4.61)
Tax items	—	30	(30)	(30)	(0.02)
2016 Adjusted for Special Items	**$ 9,071**	**$ 3,144**	**$ 5,927**	**$ 5,922**	**$ 3.03**
Adjusted diluted EPS annual growth rate (2016 vs. 2015)					**8.2%**
For the year ended December 31, 2015					
2015 Reported	**$ 8,078**	**$ 2,835**	**$ 5,243**	**$ 5,241**	**$ 2.67**
NPM Adjustment Items	(84)	(33)	(51)	(51)	(0.03)
Tobacco and health litigation items	150	56	94	94	0.05
SABMiller special items	126	44	82	82	0.04
Loss on early extinguishment of debt	228	85	143	143	0.07
Asset impairment, exit and integration costs	11	2	9	9	—
Gain on AB InBev/SABMiller business combination	(5)	(2)	(3)	(3)	—
Tax items	41	52	(11)	(11)	—
2015 Adjusted for Special Items	**$ 8,545**	**$ 3,039**	**$ 5,506**	**$ 5,504**	**$ 2.80**

Altria Group, Inc. and Consolidated Subsidiaries, Selected Financial Data for Smokeable Products

($ in millions)

	Full Year Ended December 31,		
	2016	2015	Growth Rate
Net revenues	**$ 22,851**	**$ 22,792**	
Excise taxes	(6,247)	(6,423)	
Revenues net of excise taxes	**$ 16,604**	**$ 16,369**	
Reported OCI	**$ 7,768**	**$ 7,569**	
NPM Adjustment Items	12	(97)	
Asset impairment, exit and implementation costs	134	—	
Tobacco and health litigation items	88	127	
Adjusted OCI	**$ 8,002**	**$ 7,599**	**5.3%**

Altria Group, Inc. and Consolidated Subsidiaries, Selected Financial Data for Smokeable Products
($ in millions)

	Full Year Ended December 31,		
	2015	2014	Growth Rate
Net revenues	**$ 22,792**	**$ 21,939**	
Excise taxes	(6,423)	(6,416)	
Revenues net of excise taxes	**$ 16,369**	**$ 15,523**	
Reported OCI	**$ 7,569**	**$ 6,873**	
NPM Adjustment Items	(97)	(43)	
Asset impairment and exit costs	—	(6)	
Tobacco and health litigation items	127	27	
Adjusted OCI	**$ 7,599**	**$ 6,851**	**10.9%**

Altria Group, Inc. and Consolidated Subsidiaries, Selected Financial Data for Smokeless Products
($ in millions)

	Full Year Ended December 31,		
	2016	2015	Growth Rate
Net revenues	**$ 2,051**	**$ 1,879**	
Excise taxes	(135)	(133)	
Revenues net of excise taxes	**$ 1,916**	**$ 1,746**	
Reported OCI	**$ 1,177**	**$ 1,108**	
Asset impairment, exit, and implementation costs	57	4	
Adjusted OCI	**$ 1,234**	**$ 1,112**	**11.0%**

Altria Group, Inc. and Consolidated Subsidiaries, Selected Financial Data for Wine
($ in millions)

	Full Year Ended December 31,		
	2016	2015	Growth Rate
Net revenues	**$ 746**	**$ 692**	
Excise taxes	(25)	(24)	
Revenues net of excise taxes	**$ 721**	**$ 668**	
Reported OCI	**$ 164**	**$ 152**	
Acquisition-related costs	3	—	
Adjusted OCI	**$ 167**	**$ 152**	**9.9%**

Altria Group, Inc. and Consolidated Subsidiaries, First-Quarter Adjusted Earnings Per Share Results

($ in millions, except per share data)

	Earnings before Income Taxes	Provision for Income Taxes	Net Earnings	Net Earnings Attributable to Altria Group, Inc.	Diluted EPS
For the quarter ended March 31, 2017					
2017 Reported	**$ 2,091**	**$ 689**	**$ 1,402**	**$ 1,401**	**$ 0.72**
NPM Adjustment Items	(1)	—	(1)	(1)	—
Tobacco and health litigation items	1	—	1	1	—
AB InBev special items	73	25	48	48	0.03
Asset impairment, exit, implementation and acquisition-related costs	30	11	19	19	0.01
Tax items	—	58	(58)	(58)	(0.03)
2017 Adjusted for Special Items	**$ 2,194**	**$ 783**	**$ 1,411**	**$ 1,410**	**$ 0.73**
Adjusted diluted EPS growth rate (Q1 2017 vs. Q1 2016)					**1.4%**
For the quarter ended March 31, 2016					
2016 Reported	**$ 1,883**	**$ 665**	**$ 1,218**	**$ 1,217**	**$ 0.62**
NPM Adjustment Items	18	7	11	11	0.01
Tobacco and health litigation items	38	14	24	24	0.01
SABMiller special items	166	58	108	108	0.05
Asset impairment, exit and implementation costs	122	44	78	78	0.04
Gain on AB InBev/SABMiller business combination	(40)	(14)	(26)	(26)	(0.01)
Tax items	—	(1)	1	1	—
2016 Adjusted for Special Items	**$ 2,187**	**$ 773**	**$ 1,414**	**$ 1,413**	**$ 0.72**

Source: Altria Group, Inc.