

Barclays Back-to-School Consumer Conference

September 3, 2013



Safe Harbor Statement

Statements, including earnings guidance, in this presentation that are not reported financial results or other historical information are “forward-looking statements” within the meaning of Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations, and are not guarantees of future performance. They are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Altria undertakes no obligation to publicly update or revise any forward-looking statement other than in the normal course of its public disclosure obligations. The risks and uncertainties relating to the forward-looking statements in this presentation include those described under “Risk Factors” in its Annual Report on Form 10-K for the year ended December 31, 2012 and under “Cautionary Factors That May Affect Future Results” in its Quarterly Report on Form 10-Q for the period ended June 30, 2013.

Reconciliations of non-GAAP financial measures included in this presentation to the most comparable GAAP measures are available on Altria’s website at altria.com.



Altria is a Compelling Investment

- Formula for creating shareholder value:
 - Diverse business model
 - Core strategies

Management Team

- Howard Willard – EVP and Chief Financial Officer, Altria Group, Inc.
- Murray Garnick – Sr. Vice President and Associate General Counsel, ALCS
- Jim Dillard – Sr. Vice President, Regulatory Affairs, ALCS

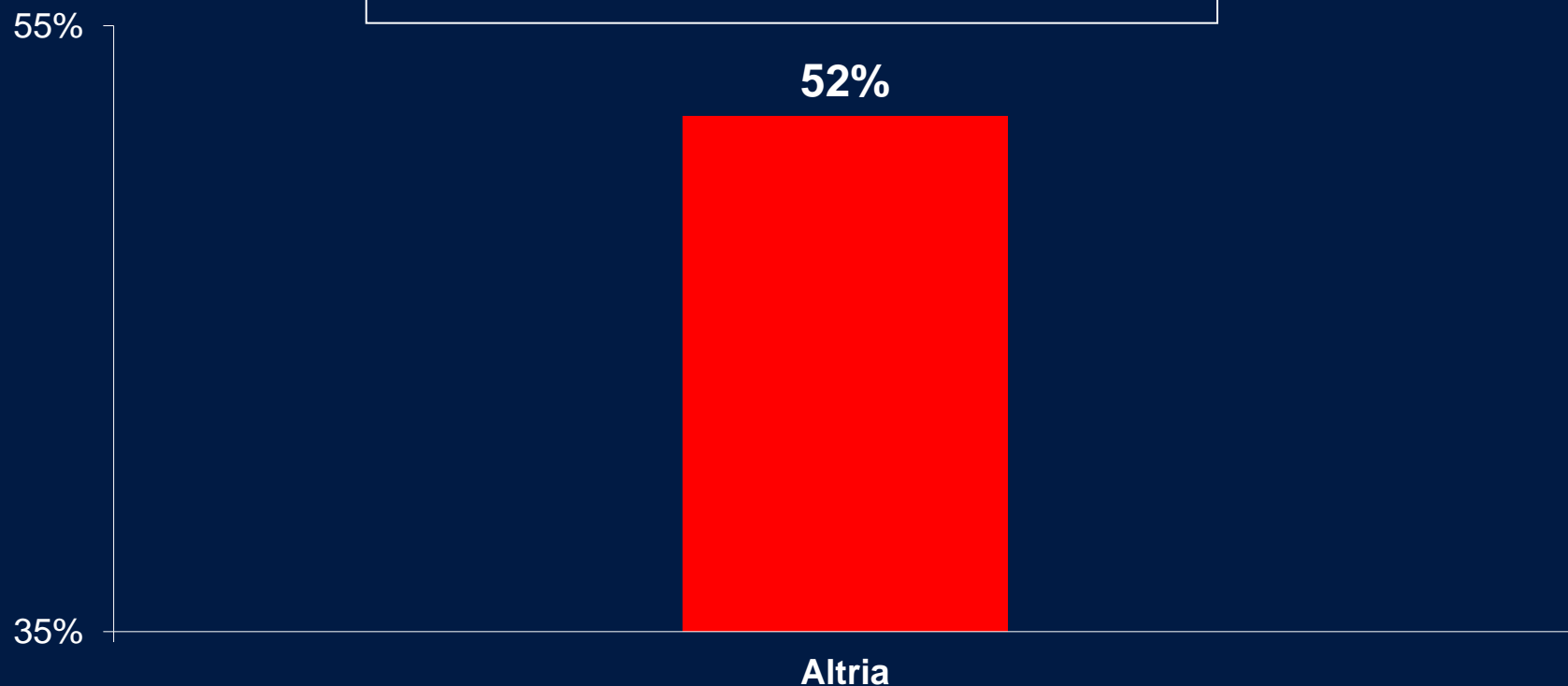
Altria is a Compelling Investment

- Long-term goals:
 - Grow adjusted diluted EPS at average annual rate of 7% to 9%
 - Maintain a dividend payout ratio of approximately 80% of adjusted diluted EPS

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Tobacco Manufacturers' Profit Pool - 2012

Altria's Share⁽¹⁾ of Tobacco Profit Pool (Percent)



(1) Includes Altria's Smokeable & Smokeless Products segments adjusted OCI* financial results.

Note: Altria's Profit Pool share is calculated by combining the adjusted OCI for Altria's Smokeable & Smokeless Products segments divided by Total Profit Pool

* For reconciliation of non-GAAP to GAAP measures visit altria.com



Altria

Source: Altria company reports; ALCS SB&D estimates; other public company reports

Altria's Ability to Generate Growth

- Focus on developing new, innovative products for adult tobacco consumers
- Intend to use capabilities to develop leading premium brands

Altria's Alcohol Interests

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**Ste. Michelle
Wine Estates**

**SABMiller
Economic Interest**

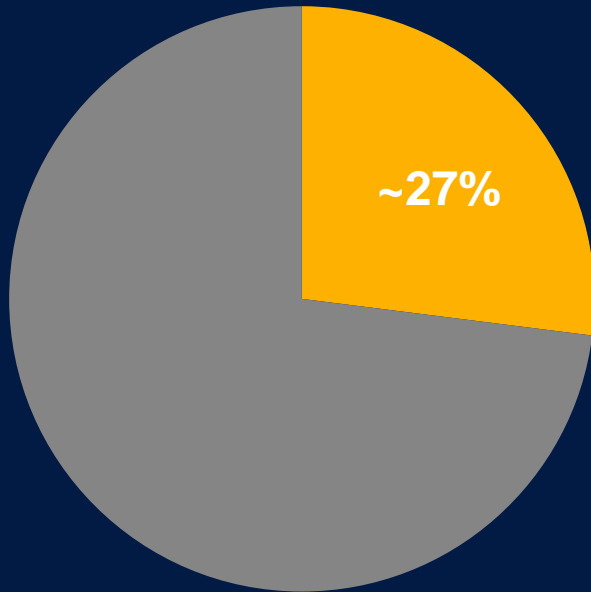
Note: Third party trademarks are the property of their respective owners and are included for informational purposes only.



Altria

Altria's Economic Interest in SABMiller

Share Ownership



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Note: Third party trademarks are the property of their respective owners and are included for informational purposes only.

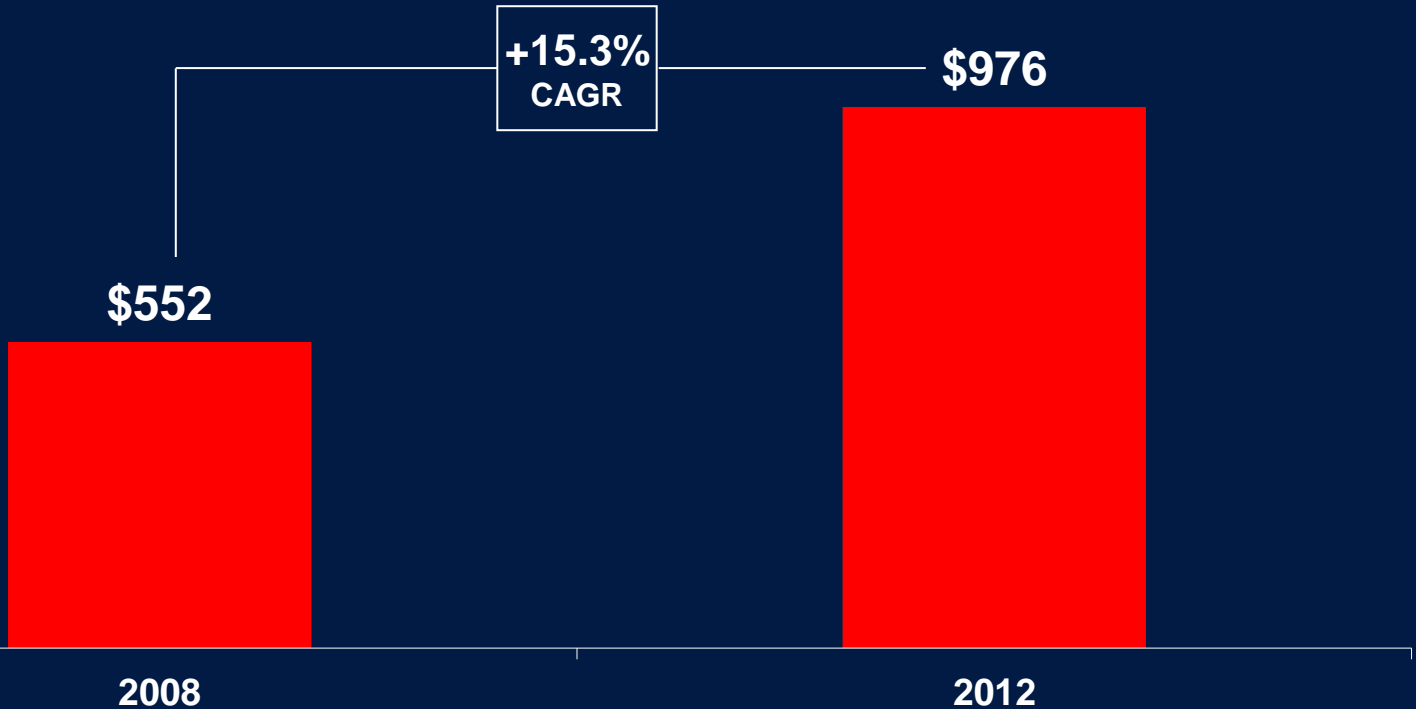


Altria

Source: Altria company reports

Altria's Earnings from SABMiller

Adjusted Equity Earnings*
(\$ in Millions)



* For reconciliation of non-GAAP to GAAP measures visit altria.com

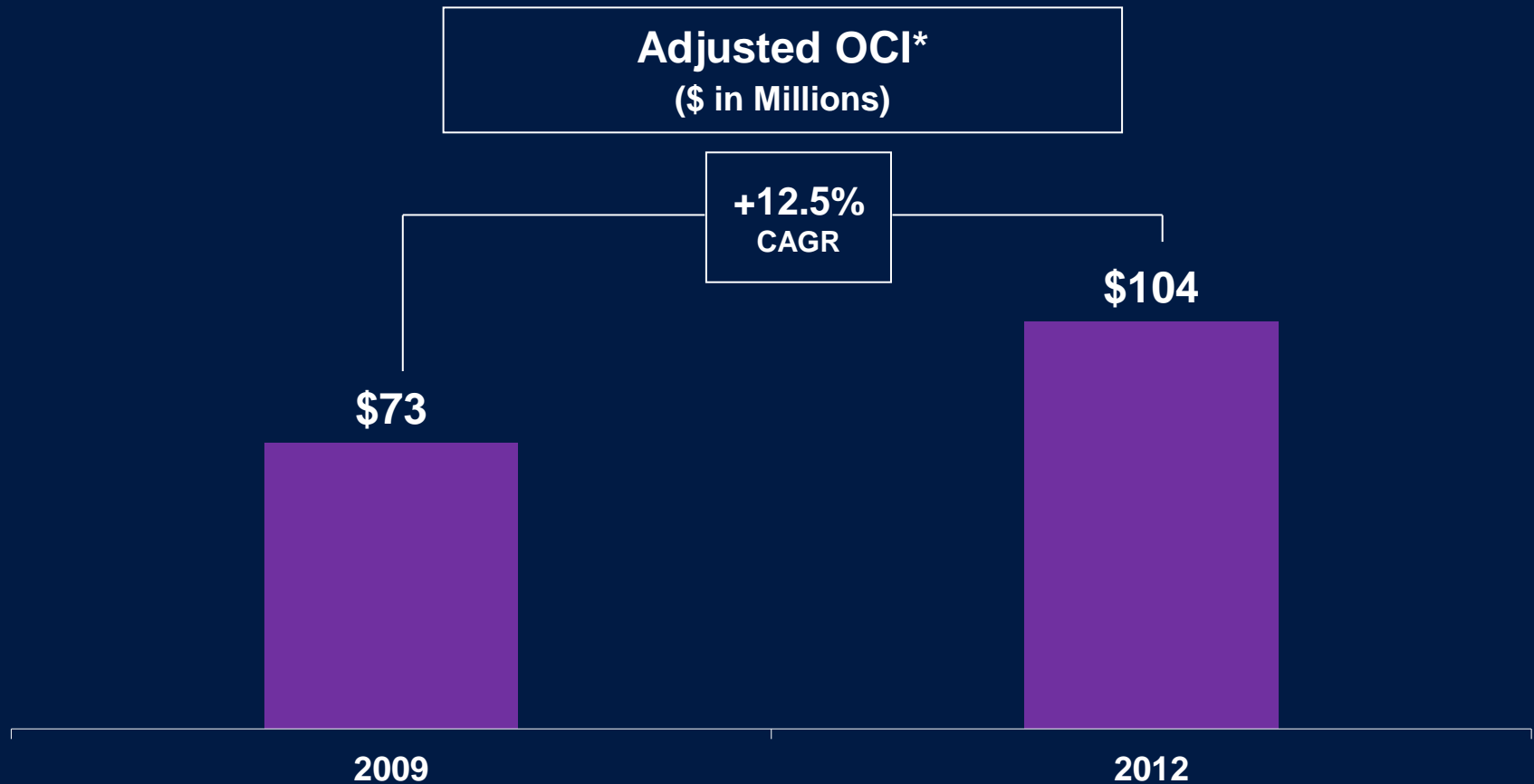


Altria

Source: Altria company reports

This space is blank because brand images which appeared in the original presentation have been removed.

Wine Segment Results



* For reconciliations of non-GAAP to GAAP measures visit www.altria.com



Altria

Source: Altria company reports

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Altria's Diverse Business Model

- Multiple sources of income
 - Provide flexibility
- Strong balance sheet
- Business model provides a solid foundation to achieve long-term financial objectives

Strategies

- Investing in strong premium brands
- Controlling costs
- Maintaining a strong balance sheet
- Returning cash to shareholders

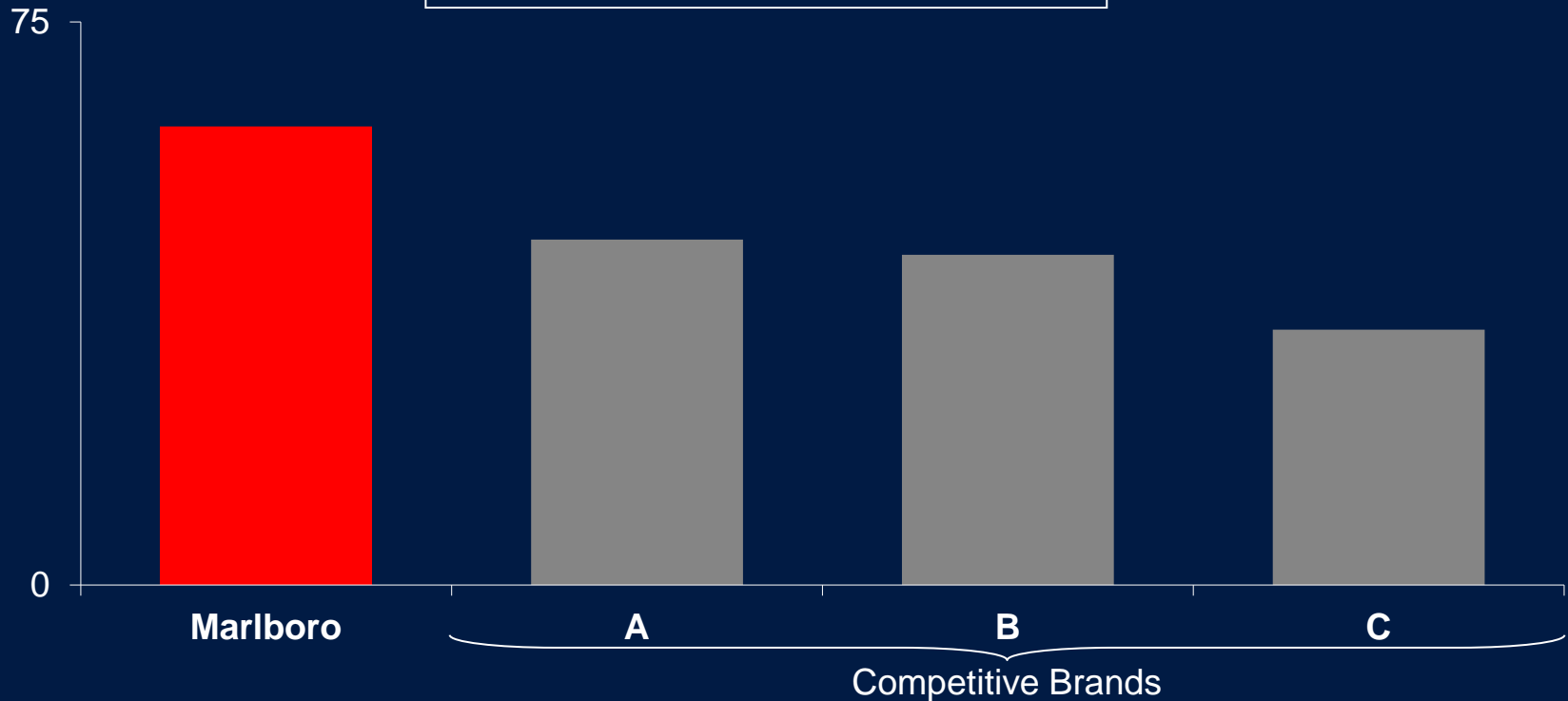


Invest in Strong Premium Brands

- Strong equity helps support higher prices and margins
- Premium brands have higher brand loyalty

Marlboro Premium Brand Score Comparisons

2012 Equity Score
(Age Group: 21 – 54)

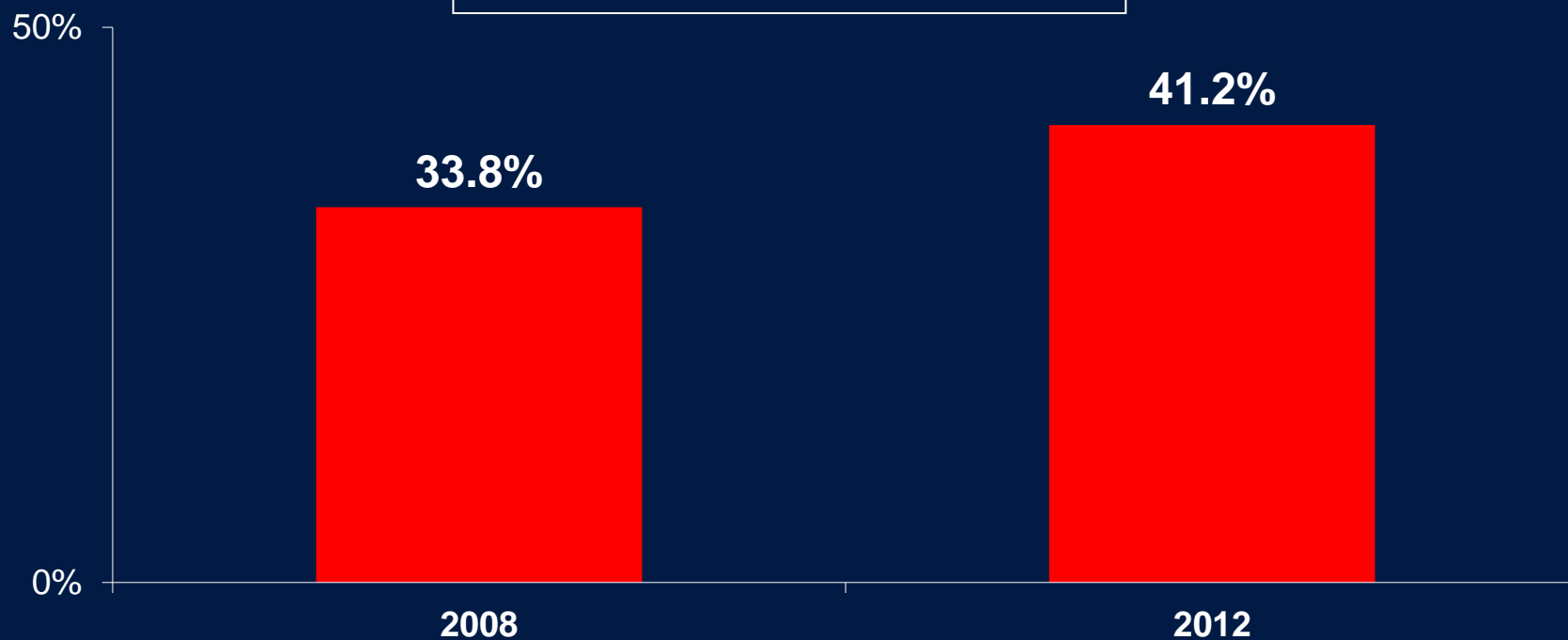


Altria

Source: 2012 TNS Brand Equity Study (Ages: 21 – 54)

Smokeable Products Segment Results

Adjusted OCI Margins*



*For reconciliations of non-GAAP to GAAP measures visit www.altria.com



Altria

Sources: Altria company reports

Smokeable Products Companies' Strategy

Maximize income while maintaining modest share momentum on *Marlboro* and *Black & Mild*

PhilipMorrisUSA
an Altria Company

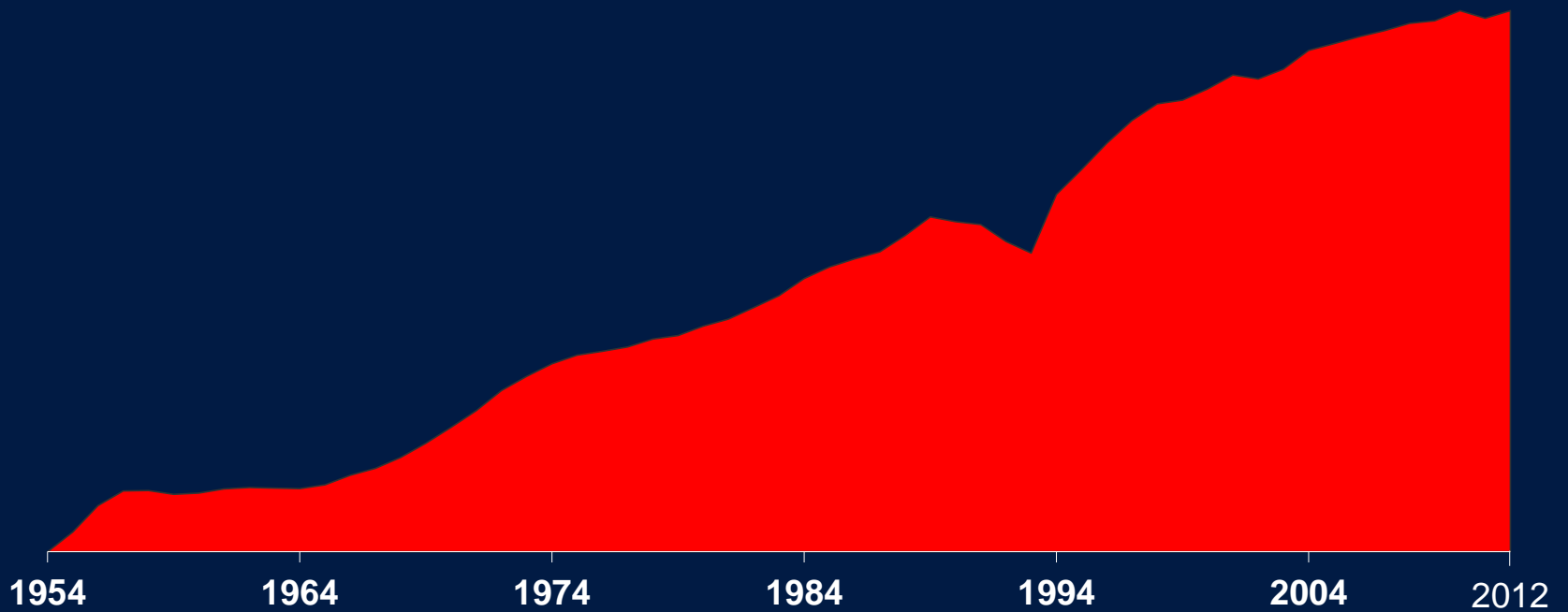
John Middleton 
an Altria Company



Altria

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Marlboro's Retail Share

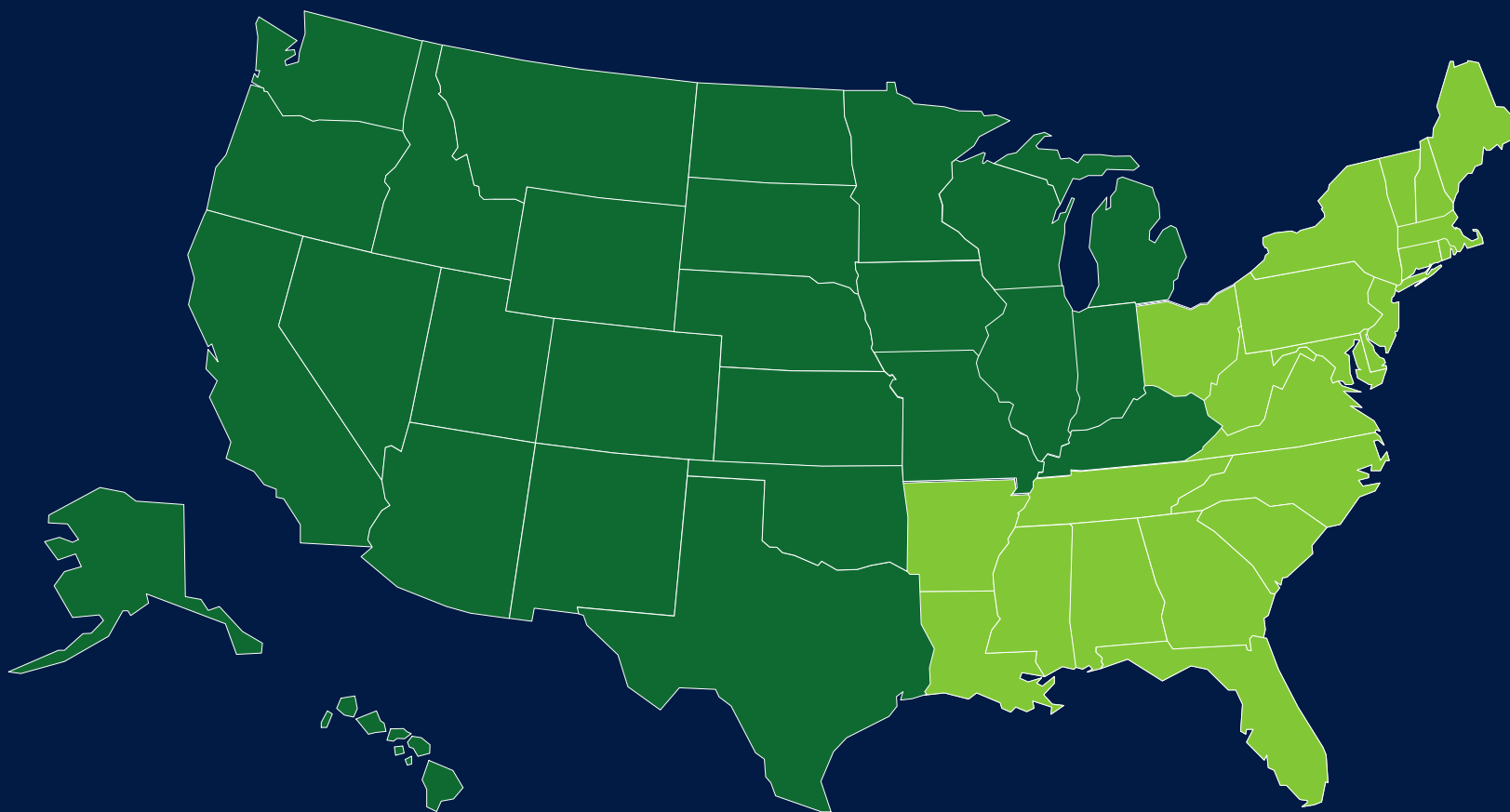


Altria

Source: Maxwell; MSAi Shipments; IRI/Capstone – Total Retail Panel; IRP SymphonyIRI Group/Capstone Projected Retail Panel

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Marlboro NXT Distribution



Altria

Source: PM USA

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Smokeable Products Segment Results

Net Revenues/1000*

+5.5%
CAGR

\$90.46

\$111.91

2008

2012

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com
Note: Net Revenues/1000 units are net of FET



Altria

Source: Altria company reports

Smokeable Products Segment Results

Adjusted OCI*
(\$ in Billions)

+4.7%
CAGR

\$5.2

\$6.3

2008

2012

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com



Altria

Source: Altria company reports

Smokeable Products Segment Results

Adjusted OCI* Margins

33.8%

+7.4pp

41.2%

2008

2012

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com



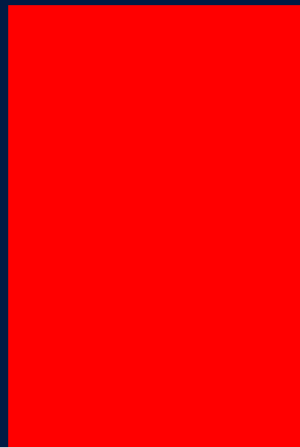
Altria

Source: Altria company reports

Marlboro's Retail Share

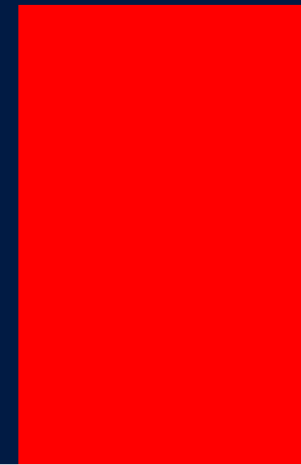
Average Per Year
~ +0.2pp

42.9%



2008

43.6%



2012



Altria

Source: IRI/MSAI

Smokeable Products Segment Results

Net Revenues/1000*

+4.6%

\$110.40

\$115.52

1H 2012

1H 2013

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com
Note: Net Revenues/1000 units are net of FET



Altria

Source: Altria company reports

Smokeable Products Segment Results

Adjusted OCI*
(\$ in Billions)

\$3.091

+1.4%

\$3.134

1H 2012

1H 2013

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com



Altria

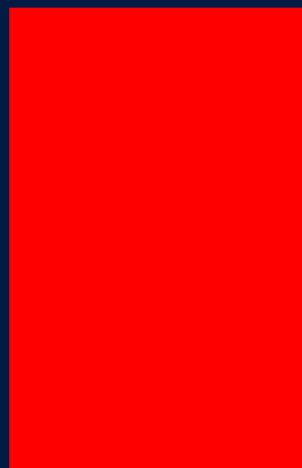
Source: Altria company reports

Smokeable Products Segment Results

Adjusted OCI* Margins

+1.3pp

41.2%



1H 2012

42.5%



1H 2013

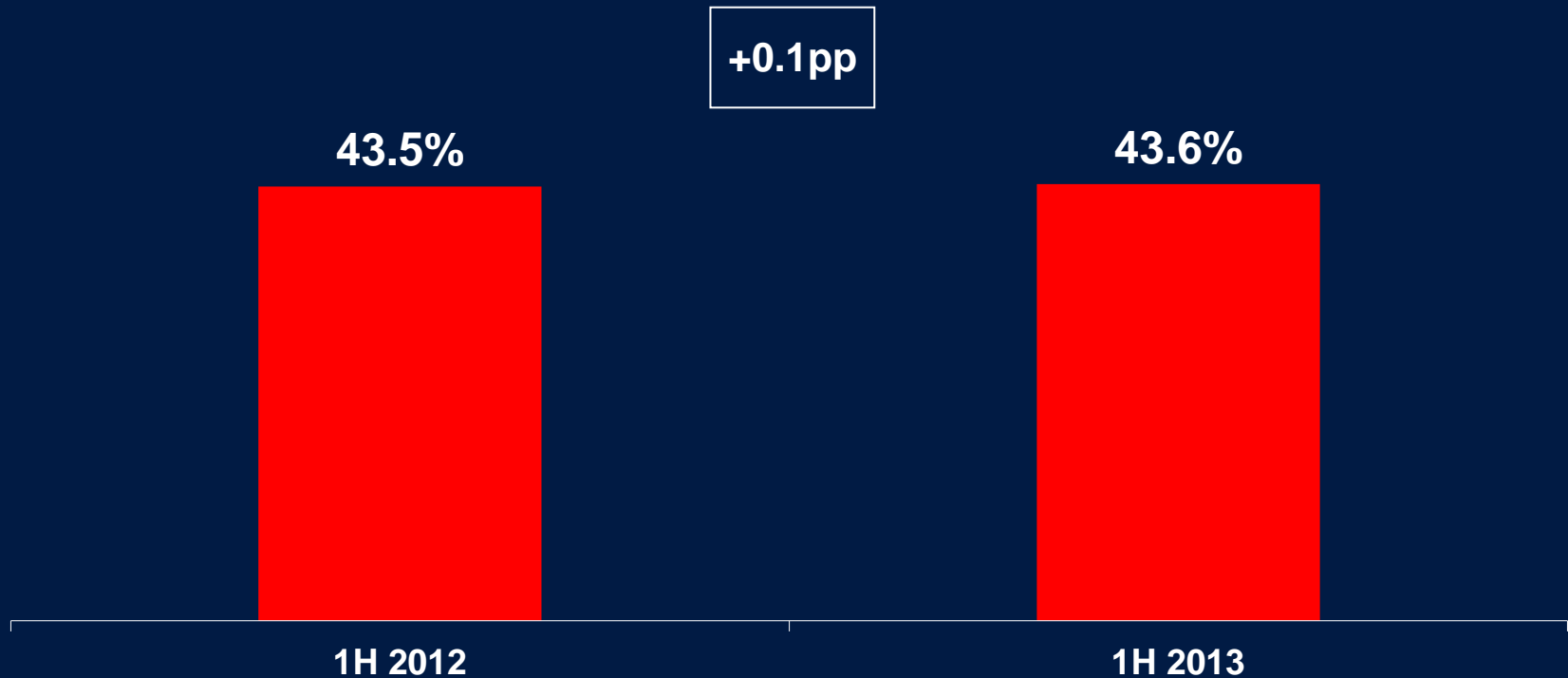
* For reconciliations of non-GAAP to GAAP measures visit www.altria.com



Altria

Source: Altria company reports

Marlboro's Retail Share



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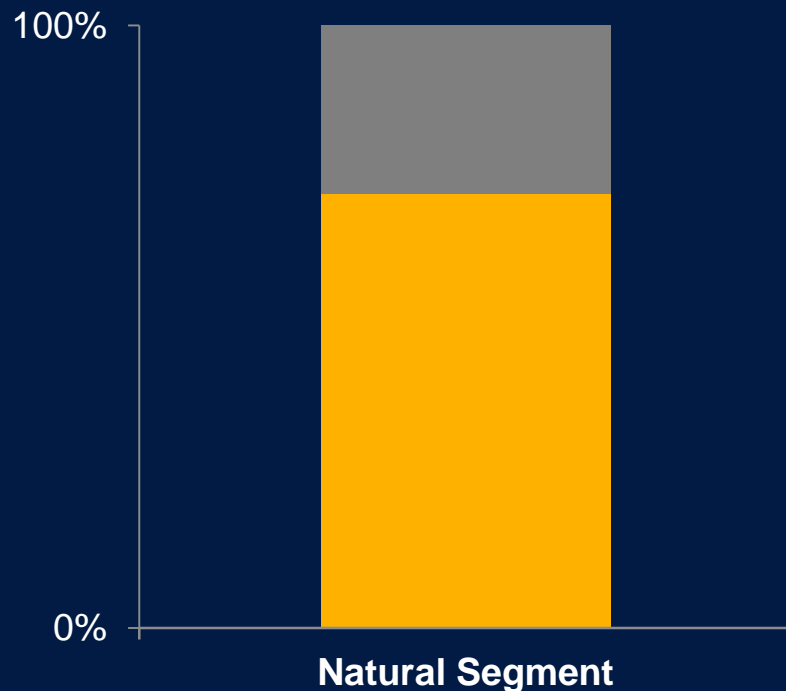
Smokeless Products Companies' Strategy

Increase income by growing volume at or ahead of the category growth rate, while maintaining modest share momentum on *Copenhagen* and *Skoal* combined



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Copenhagen's Natural Segment Share



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Skoal X-TRA

Skoal Classic



Altria

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Copenhagen and Skoal's Performance

**Combined Volume
(Cans in Millions)**

**+7.6%
CAGR**

546.0

680.9

2009

2012



Altria

Source: Altria company reports

Copenhagen and Skoal's Performance

Combined Retail Share

Average Per Year
~ +1.0pp

47.3%



2009

50.4%



2012



Altria

Source: IRI InfoScan

Smokeless Products Segment Results

Adjusted OCI*
(\$ in Millions)

+14.9%
CAGR

\$632

\$959

2009

2012

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com



Altria

Source: Altria company reports

Smokeless Products Segment Results

Adjusted OCI* Margins

+11.3pp

49.5%

60.8%

2009

2012

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com



Altria

Source: Altria company reports

Copenhagen and Skoal's Performance

**Combined Volume
(Cans in Millions)**

+5.4%

321.1



1H 2012

338.4



1H 2013



Altria

Source: Altria company reports

Copenhagen and Skoal's Performance

Combined Retail Share

+0.6pp

50.1%

50.7%

1H 2012

1H 2013



Altria

Source: IRI InfoScan

Smokeless Products Segment Results

Adjusted OCI*
(\$ in Millions)

+9.1%

\$451



1H 2012

\$492



1H 2013

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com



Altria

Source: Altria company reports

Smokeless Products Segment Results

Adjusted OCI* Margins

+2.4pp

60.0%

62.4%

1H 2012

1H 2013

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com



Altria

Source: Altria company reports

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Investment Goal

- Create premium products that exceed adult tobacco consumer expectations
- Provide opportunities for sustainable income growth



NuMark
an Altria Company

The logo for NuMark, an Altria Company, is displayed within a white rounded rectangle. The word "NuMark" is written in a bold, sans-serif font, with "Nu" in green and "Mark" in blue. Below it, the text "an Altria Company" is written in a smaller, black, sans-serif font.

E-Cigarette Awareness

% of Adult Cigarette Smokers

89%



June 2012

92%



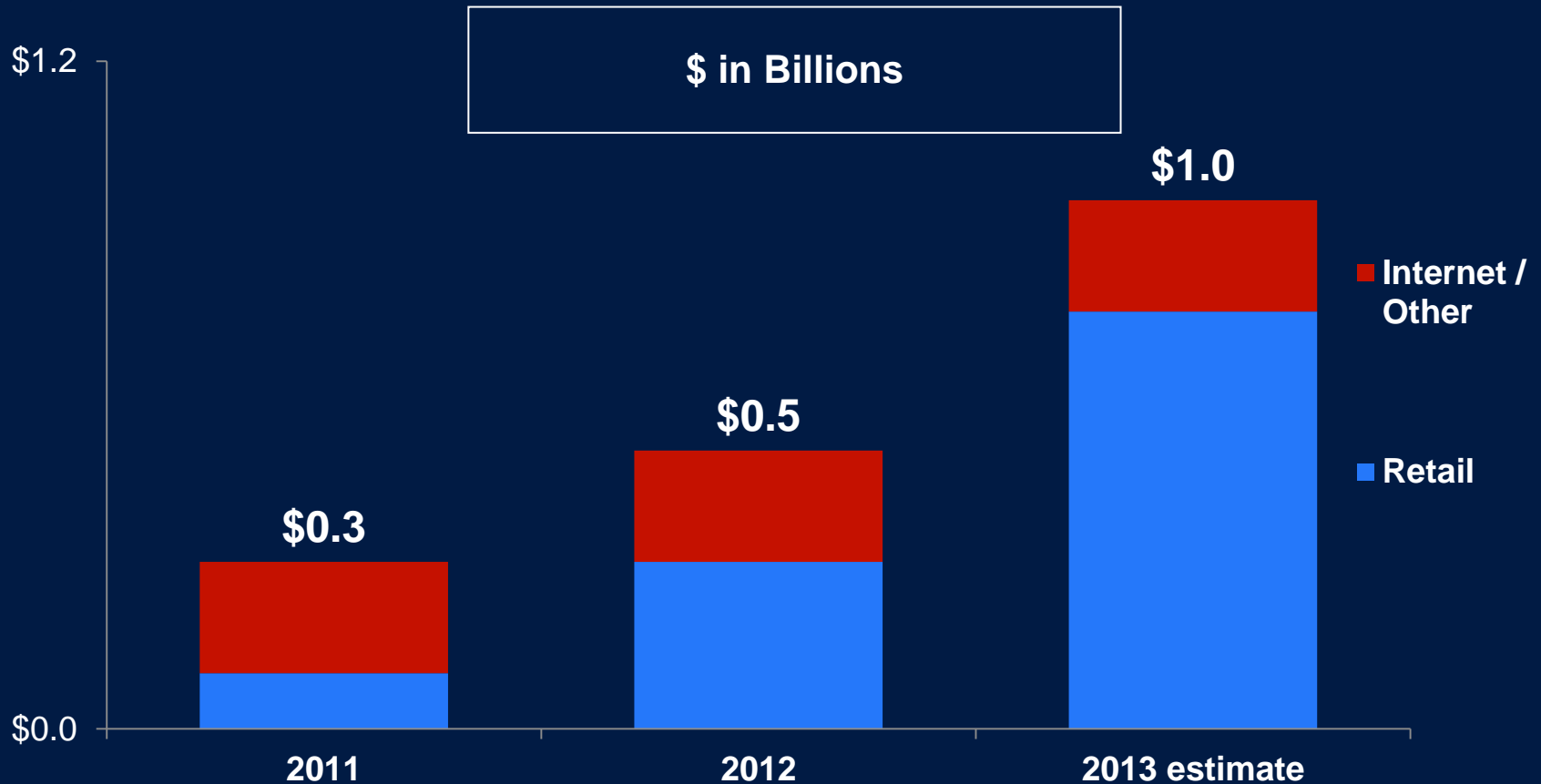
June 2013



Altria

Sources: Adult Cigarette Smokers 18+: NHIS 2012; Aware – CATTs Ending June 2013 among current self-identified AS (6 month moving). Does not include awareness among non-AS

U.S. e-Vapor Adult Consumer Expenditures



Altria

Sources: ALCS estimates

MarkTen™ E-Cigarette

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Altria

MarkTen™ E-Cigarette Value Equation



Altria

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MarkTen™ E-Cigarette FourDraw™ Technology

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Altria

MarkTen™ E-Cigarette

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E-Cigarettes

**Replacement
Cartridges**

**Recharging
Accessory Kit**



Altria

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Indiana Test Market

- Stores signed on to sell represent approximately 85% of cigarette volume sold



Altria

Merchandising Approach in Indiana

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MarkTen™ E-Cigarette Back Counter Display

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Altria

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MarkTen™ E-Cigarette Direct Mail

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Altria

MarkTen™ E-Cigarette Print Campaign



Note: Third party trademarks are the property of their respective owners and are included for informational purposes only.



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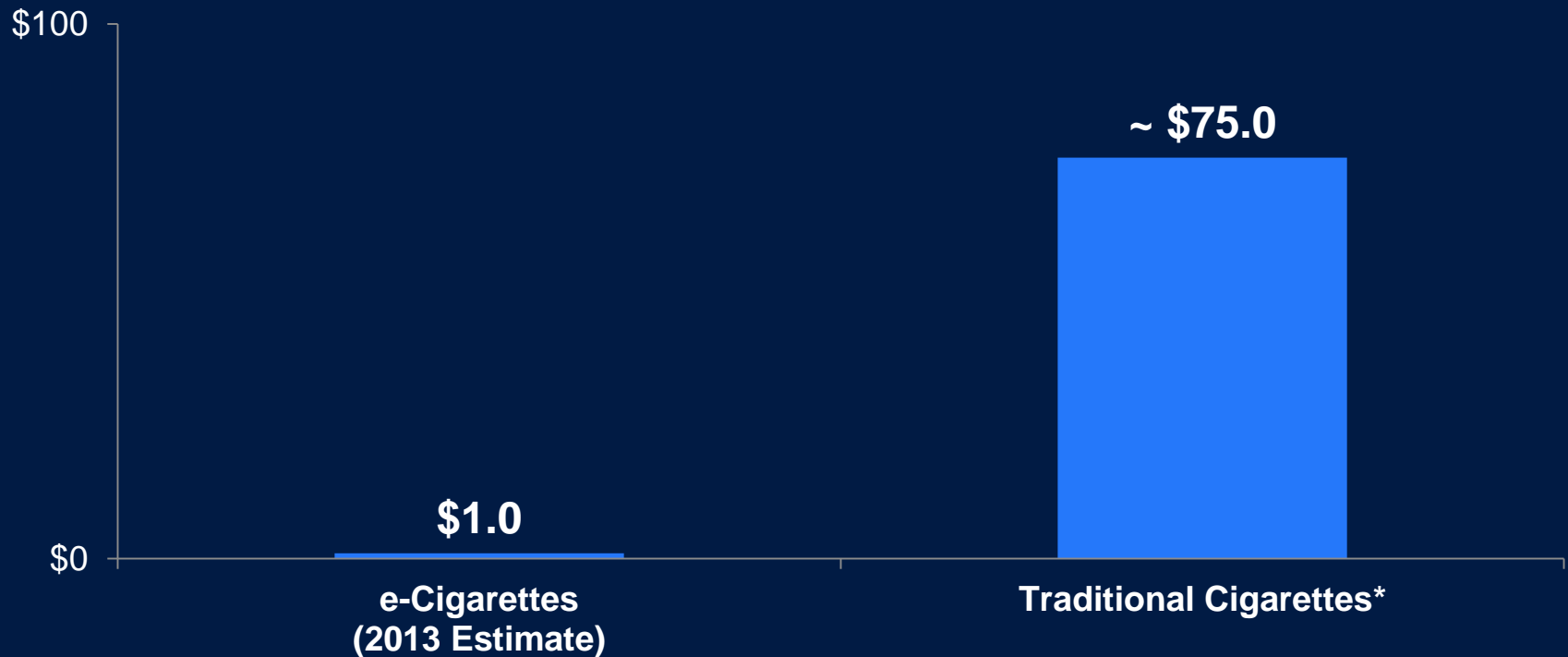
Video

E-Vapor Opportunities

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U.S. Adult Tobacco Consumer Expenditures

\$ in Billions



* 2012 Estimate



Altria

Sources: ALCS estimates

Controlling Costs

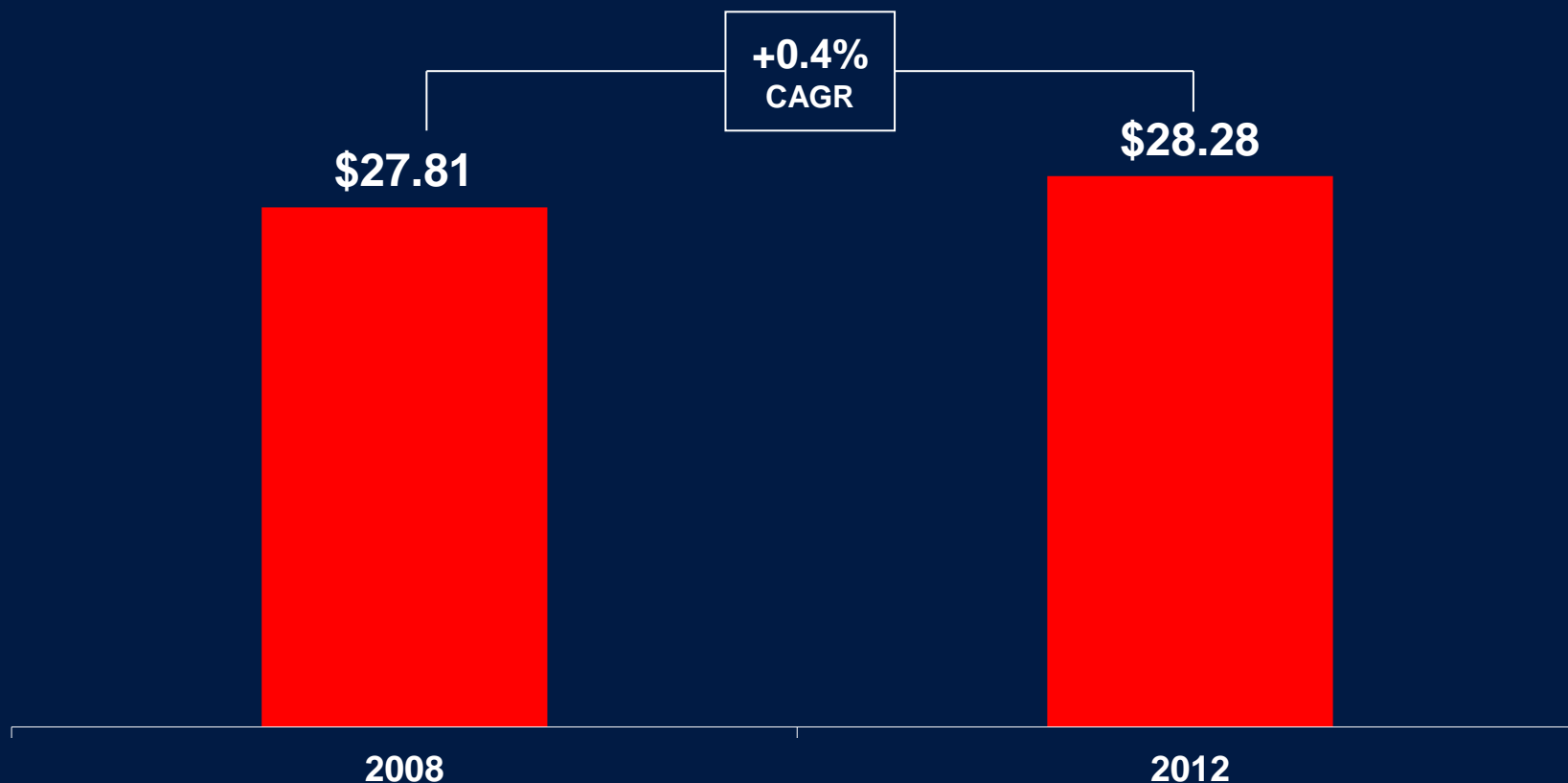
- PM USA has reduced fixed infrastructure costs
- Efficiently manage variable costs



Controlling Costs



Smokeable Controllable Costs/1000*



* For reconciliations of non-GAAP to GAAP measures visit www.altria.com.



Altria

Source: Altria company reports

Maintain a Strong Balance Sheet

- Supports Altria's:
 - Investment grade credit rating
 - Ability to return cash to shareholders

Altria's Investment Grade Credit Rating

- Provides access to commercial paper market for short-term needs
- \$3 billion revolving credit facility backstops commercial paper borrowings
- Refinanced high-coupon debt
- Issued new, lower cost debt

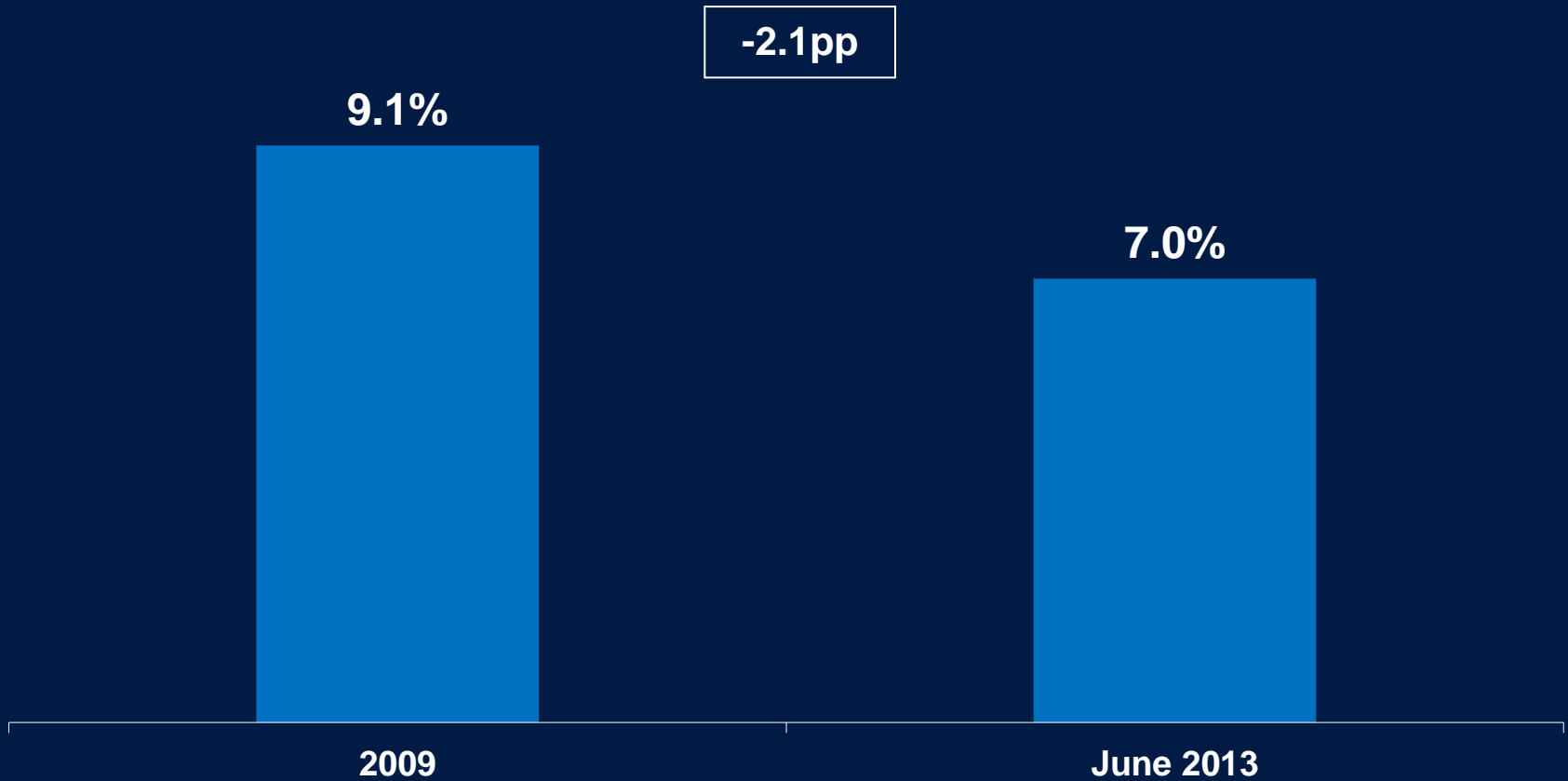
STANDARD
& POOR'S

MOODY'S

FitchRatings

Note: Third party trademarks are the property of their respective owners and are included for informational purposes only.

Weighted Average Coupon Rate



Altria

Source: ALCS Finance

Debt Maturities

(\$ in Billions)

\$2.0

\$0.5

■ Feb 2014

\$1.5

■ Nov 2013



Altria

Source: ALCS Finance

Debt to EBITDA* Ratio

~1.8x

■ Debt to EBITDA
(as of June 30, 2013)

Altria

* For reconciliation of non-GAAP to GAAP measures visit www.altria.com



Altria

Source: Altria company reports

Economic Interest in SABMiller

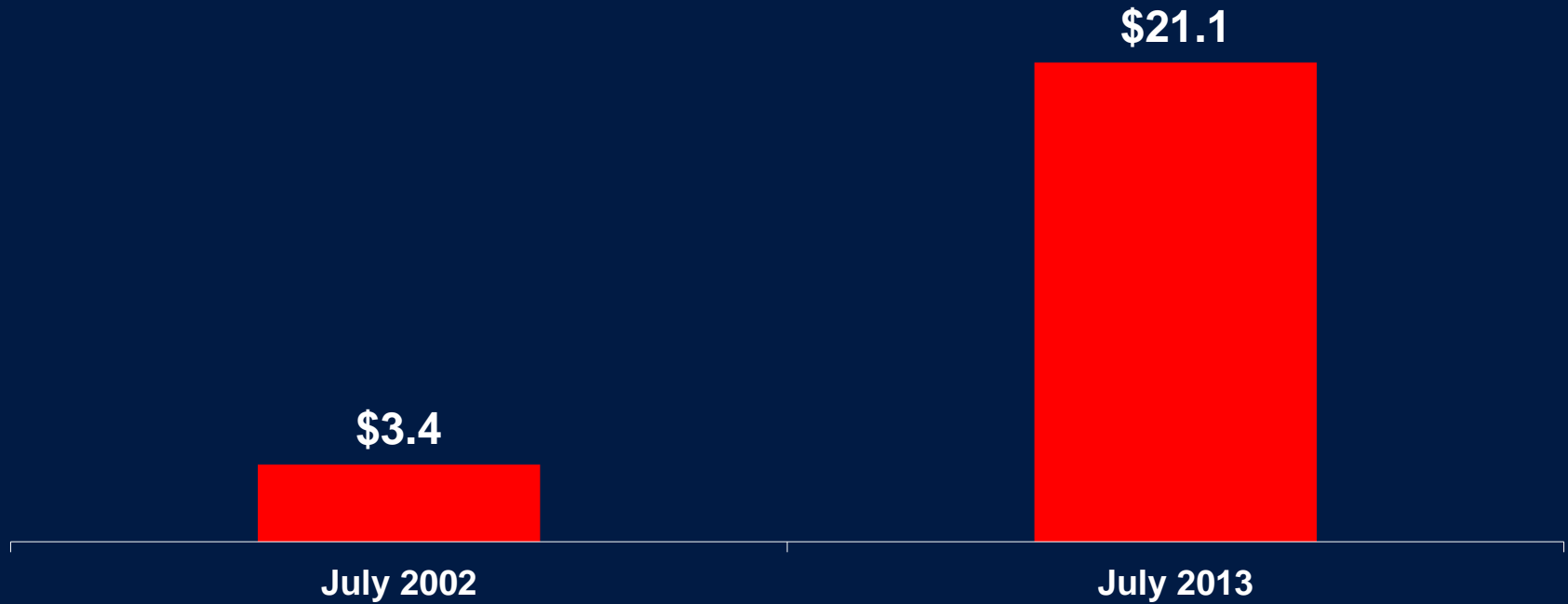
- Strengthens Altria's balance sheet
- Contributes:
 - Equity earnings
 - Cash flow

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Note: Third party trademarks are the property of their respective owners and are included for informational purposes only.

Altria's Economic Interest in SABMiller

Market Value
(\$ in Billions)



Altria

Source: Altria company reports; Bloomberg closing stock price in GBP converted to USD as of July 31, 2013

Return Cash to Shareholders

(\$ in Billions)

\$16.2

Dividends Paid Since PMI Spin-off

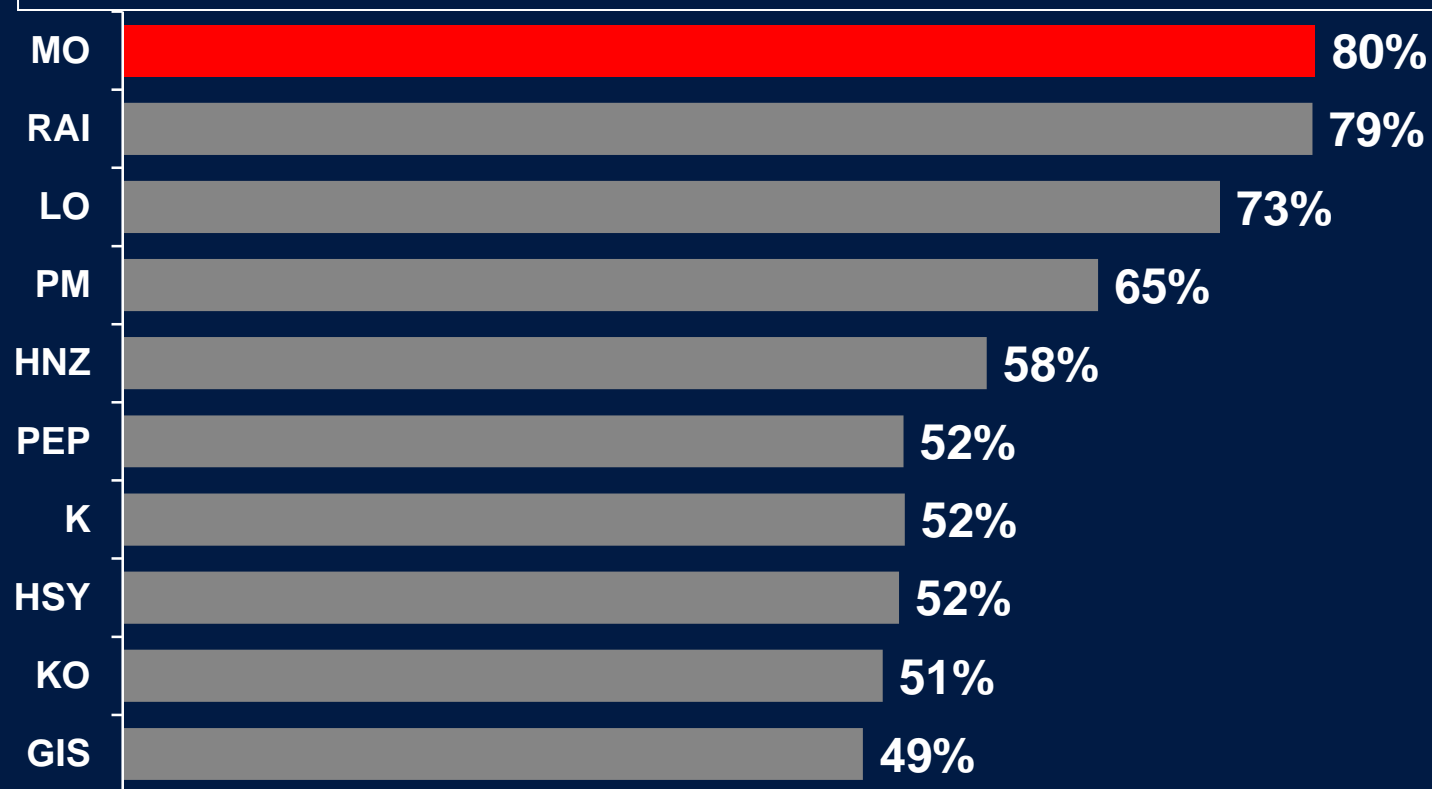


Altria

Source: Altria company reports

Payout Ratio

2012 Dividend Payout Ratio – Food, Beverage and Tobacco Index

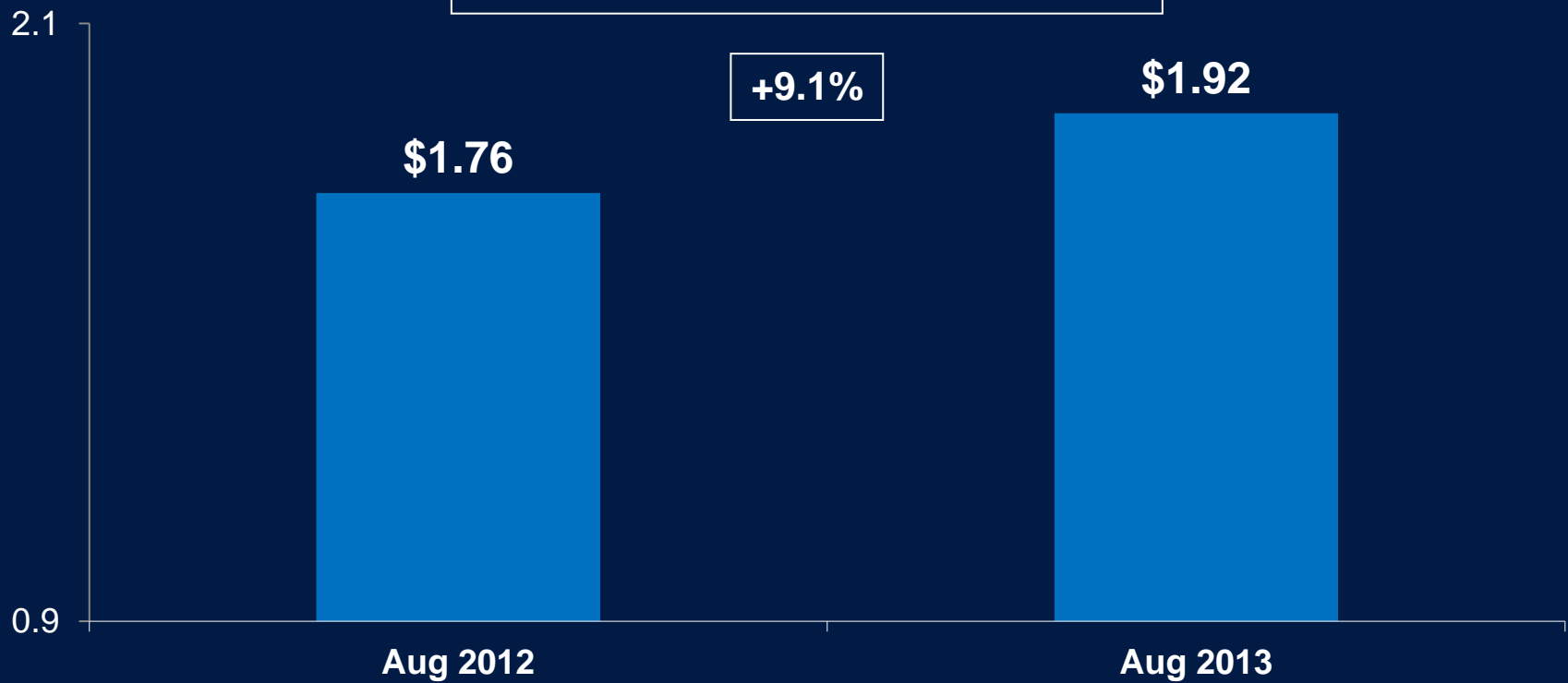


Note: Payout Ratios have been calculated using each company's 2012 annualized dividend rate / 2012 Adjusted EPS. HNZ and GIS Adjusted EPS are comprised of the fiscal quarters most closely resembling the 2012 calendar year. KRFT is excluded due to lack of 2012 FY EPS.



Dividend Increase

Annualized Dividend



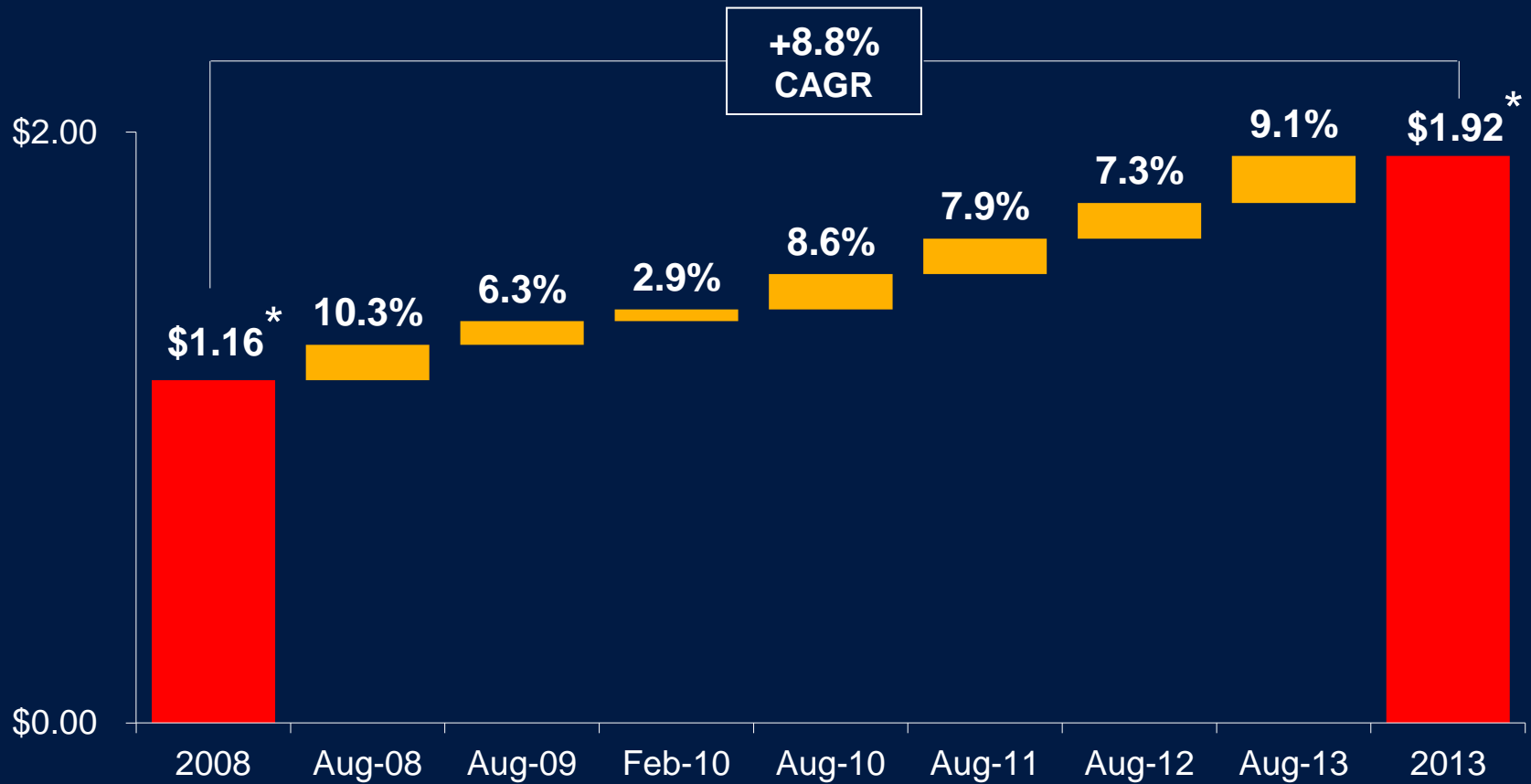
Note: All dividends are subject to the discretion of Altria's Board of Directors



Altria

Source: Altria company reports

Altria's Dividend Increases Since PMI Spin-off



Note: 6-year CAGR assumes the post-PMI spin-off dividend of \$0.29 per common share was the end of 2007 dividend rate

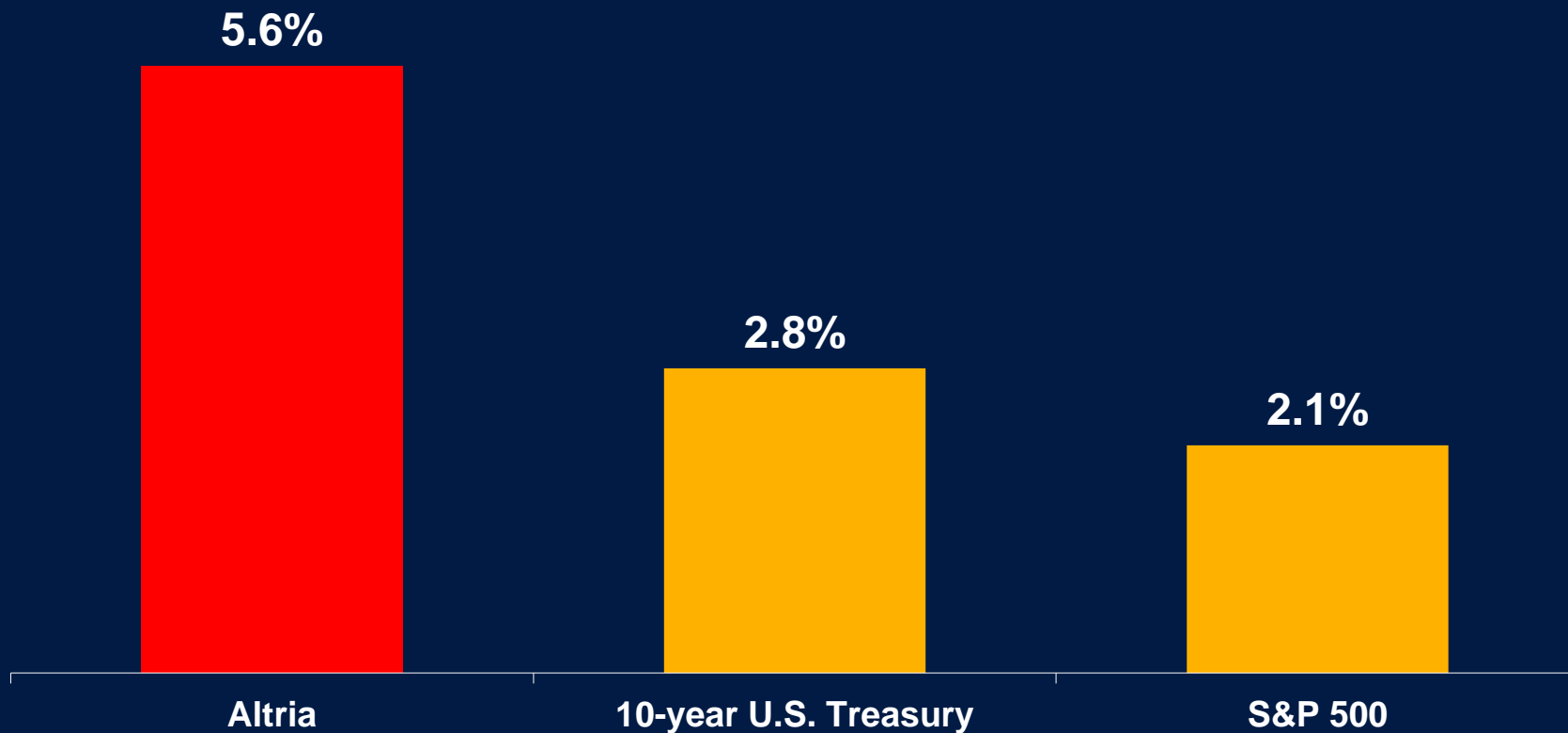
* Annualized rate



Altria

Source: Altria company reports

Dividend Yield



Note: As of August 23, 2013



Altria

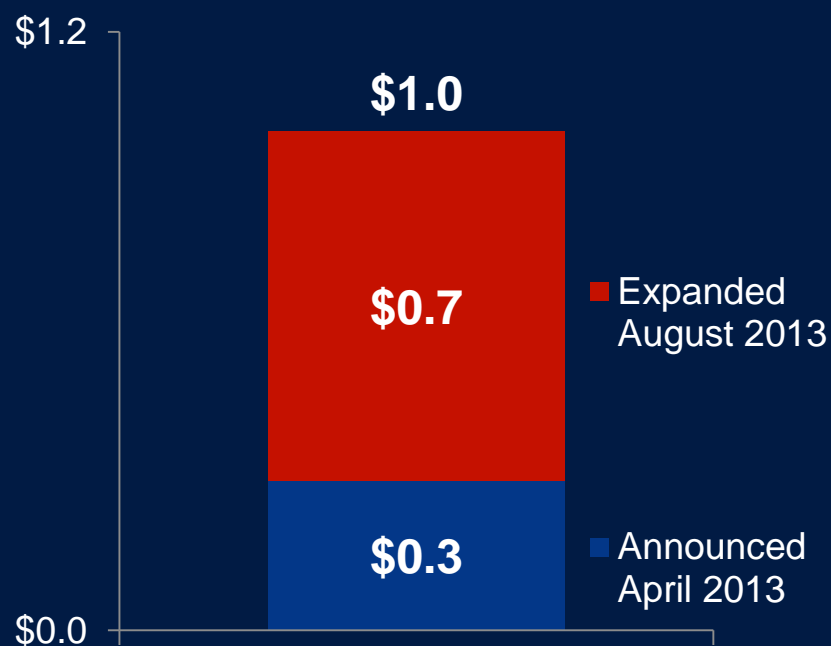
Source: Bloomberg; Standard and Poors

Share Repurchase Programs

Repurchases Since PMI Spin-off (\$ in Billions)



Current Program (\$ in Billions)



Altria

Source: Altria company reports

Tobacco and Health Litigation Environment

- We have had success in managing litigation, although we continue to face significant challenges
- Our goal is to continue protecting the interests of our shareholders



Menthol

- PM USA submitted comprehensive comments on menthol
- Our assessment is grounded in a well-established, science-based approach

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Menthol

- Communicate Altria's perspective on:
 - FDA's preliminary science report and peer review analysis
 - Report submitted to FDA by TPSAC
 - Considerations related to unintended consequences



Note: Third party trademarks are the property of their respective owners and are included for informational purposes only.

Menthol

- We continue believe it does not:
 - Increase inherent health risk of cigarettes
 - Play a unique role in smoking initiation, dependence or cessation
 - Affect population harm differently than non-menthol cigarettes



Menthol

- Future sales restrictions or product standards:
 - Will require rulemaking, including public notice and comment
 - Must consider public comments



Note: Third party trademarks are the property of their respective owners and are included for informational purposes only.

Altria's Diverse Business Model

Philip Morris USA
an Altria Company

John Middleton 
an Altria Company

U.S. Smokeless
TOBACCO CO.
an Altria Company

NuMark an Altria Company

Ste Michelle 
WINE ESTATES
an Altria Company

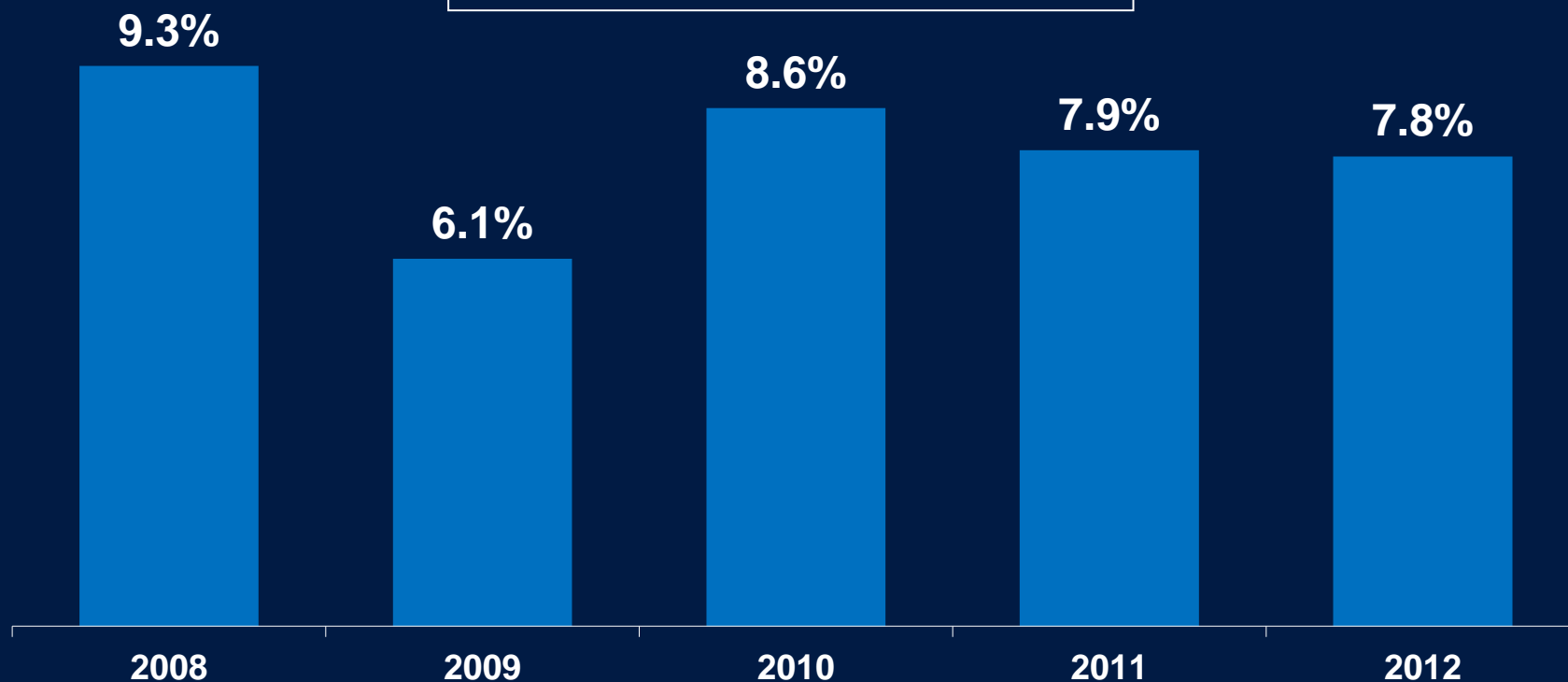
Economic
Interest in
SABMiller



Altria

Consistent EPS Growth

Adjusted Diluted EPS*
(YOY % Change)



* For reconciliation of non-GAAP to GAAP measures visit altria.com



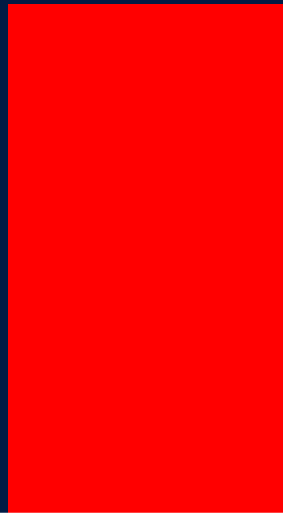
Altria

Source: Altria company reports

Adjusted Diluted EPS* Performance

2007 to 2012
CAGR

7.9%



Altria

3.2%



S&P 500

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com.

Note: S&P 500 Operating Earnings includes income from product (goods and services), but excludes corporate (M&A, financing, layoffs) and unusual items.

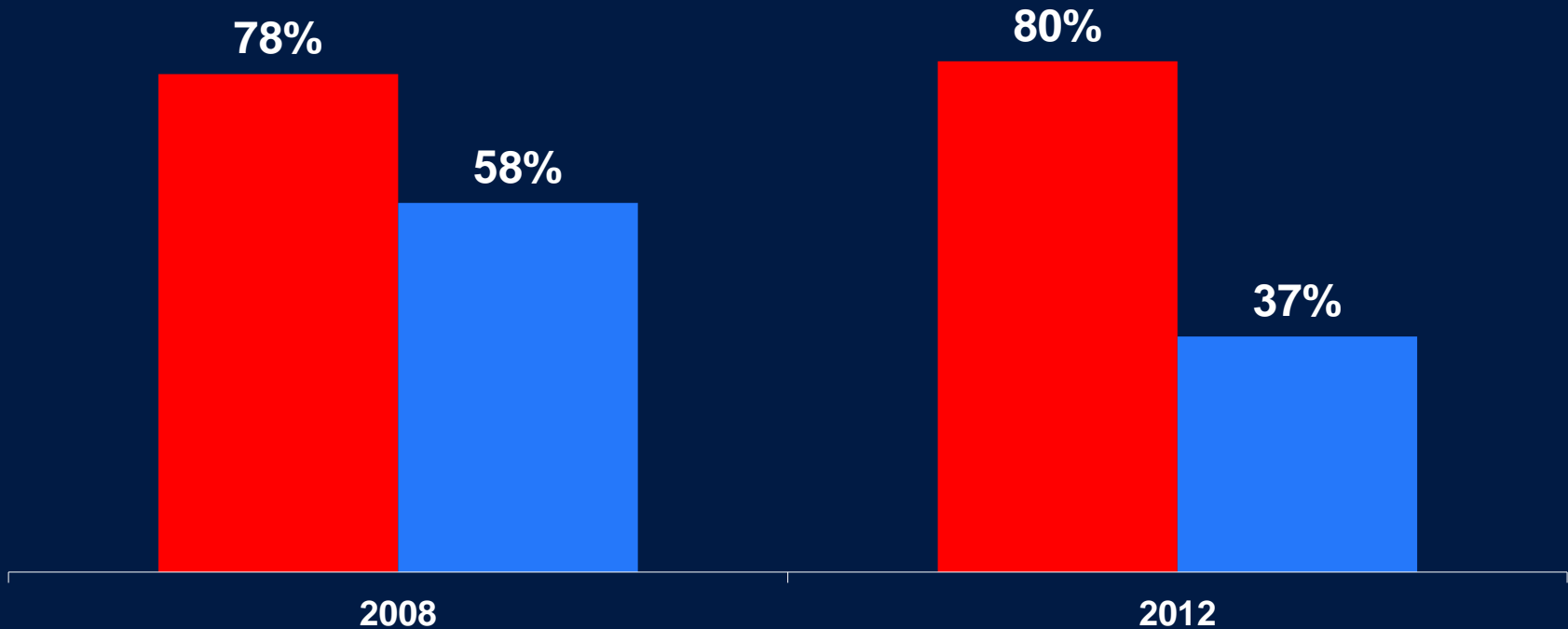


Altria

Source: Altria company reports; Standard & Poors

Dividend Payout Ratio History

■ Altria ■ S&P 500



Note: Altria's dividend payout ratio is calculated as each year's dividend per share declared in the fourth quarter, annualized, divided by the associated full-year adjusted diluted EPS. The S&P 500's dividend payout ratio is calculated as the cumulative calendar fourth quarter dividends per share paid, annualized, divided by the associated full-year operating EPS.

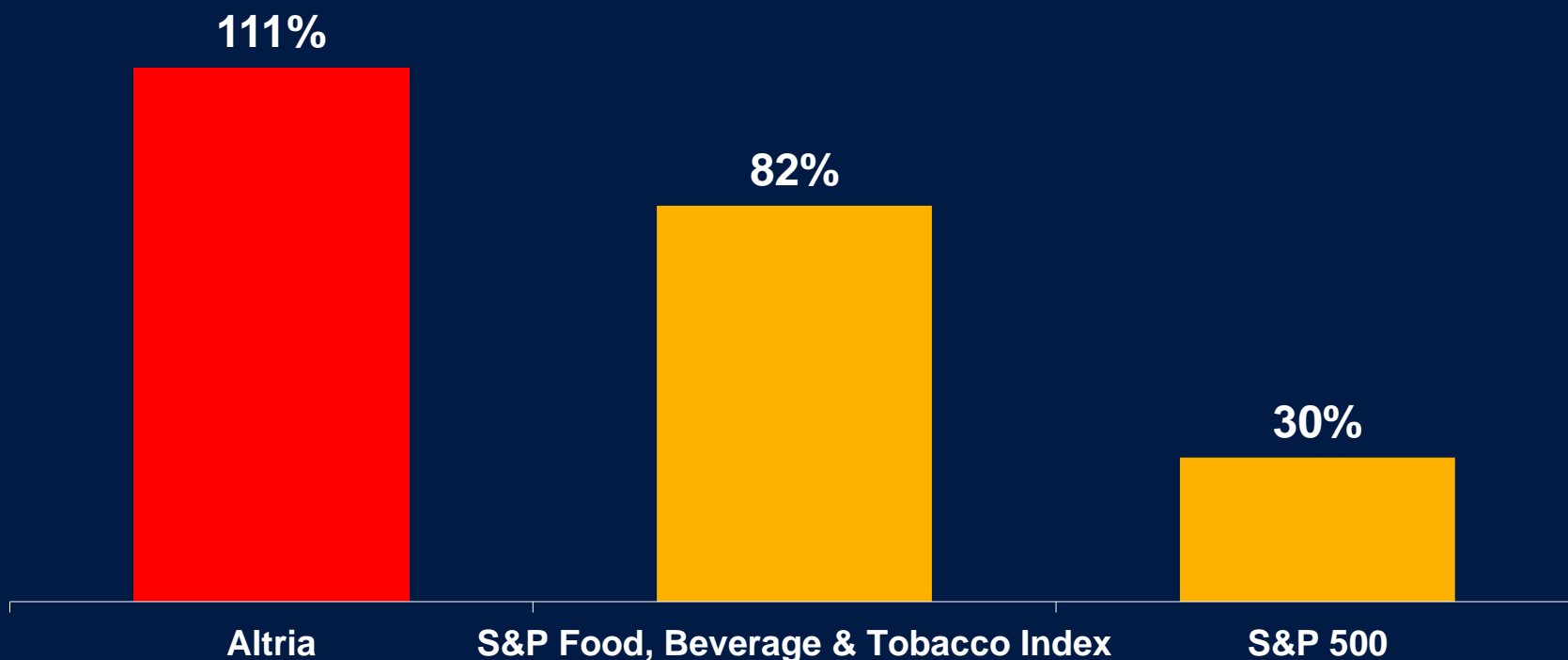


Altria

Source: Altria company reports; Standard & Poors

Shareholder Return

Dec. 31, 2007 – Jul. 31, 2013



Note: Assumes quarterly reinvestment of dividends as of ex-dividend date.



Altria

Source: Bloomberg Daily Return

Conclusion

- Reaffirms its 2013 full-year adjusted diluted EPS* to increase by 7% to 9% to a range of \$2.36 to \$2.41

* For reconciliations of non-GAAP to GAAP measures visit www.altria.com





Altria

Regulation G Disclosure

- For reconciliations and further explanations of non-GAAP financial measures, visit: altria.com

The screenshot displays the Altria Investor Relations website. The top navigation bar includes 'About Altria', 'Responsibility', and 'Investors'. The 'Investors' section is active, showing a sidebar with 'At-A-Glance' selected. The main content area features a 'Financial Strength' section with a line chart showing the company's total shareholder return from October to August. Below this, there are sections for 'Stock & Dividend Information', 'Dividend Information', and 'Financial Press Releases'. The 'Stock & Dividend Information' section shows the current stock price as \$33.62, up 0.37 (1.09%) from the previous close. The 'Dividend Information' section states that the target dividend payout ratio is approximately 80 percent of adjusted earnings per share. The 'Financial Press Releases' section lists recent events, including a quarterly dividend increase and a share repurchase program.

Investors
At-A-Glance

Financial Strength
Altria Group's total shareholder return for the five years ending December 31, 2012, was 842 percent, outperforming the S&P 500's return of 86 percent over the same period. The company has increased its dividend 47 times in the last 44 years, and has increased its profitability primarily by its tobacco operating companies focusing on four strong premium brands, *Marlboro Copenhagen*, *Skool* and *Black & Mild*.*

**Dividends are declared and approved only at the discretion of the Board of Directors.*

Stock & Dividend Information
Altria (MO - NYSE)
Quote as of 08/28/13 - 2:47 PM ET
\$33.62 ▲ 0.37 (1.09%)
Refresh Quote

Open	High	Low	Volume
\$33.90	\$33.90	\$33.57	6,272,425 shares

NOTE: The stock price performance shown on the quote above is not necessarily indicative of future price performance. Quotes delayed at least 15 minutes. Market data provided by Interactive Data.

Terms & Conditions. Powered and implemented by Interactive Data Managed Solutions.
[View More](#)

Dividend Information
Altria Group's target dividend payout ratio is approximately 80 percent of adjusted earnings per share. The present annualized dividend rate is \$1.92 per share. Dividends are declared and approved only at the discretion of the Board of Directors.
[View History](#)

Shareholder Tools

- Share Price Lookup
- Dividend Calculator
- Investment Value Calculator
- Cost Basis Calculator

Financial Press Releases

- Altria to Host Webcast from the Barclays Back-To-School Consumer Conference August 27, 2013
- Altria Increases Quarterly Dividend by 9.1% to \$0.48 per Common Share and Expands Share Repurchase Program to \$1 Billion August 23, 2013
- Altria Reports 2013 Second-Quarter and First-Half Results; Revises 2013 Full-Year EPS Guidance July 23, 2013
- Altria to Host Webcast of 2013 Second-Quarter Results July 09, 2013
- Altria Holds Investor Day; Revises 2013 Full-Year Reported EPS Guidance and Reaffirms 2013 Full-Year Adjusted EPS Guidance June 11, 2013