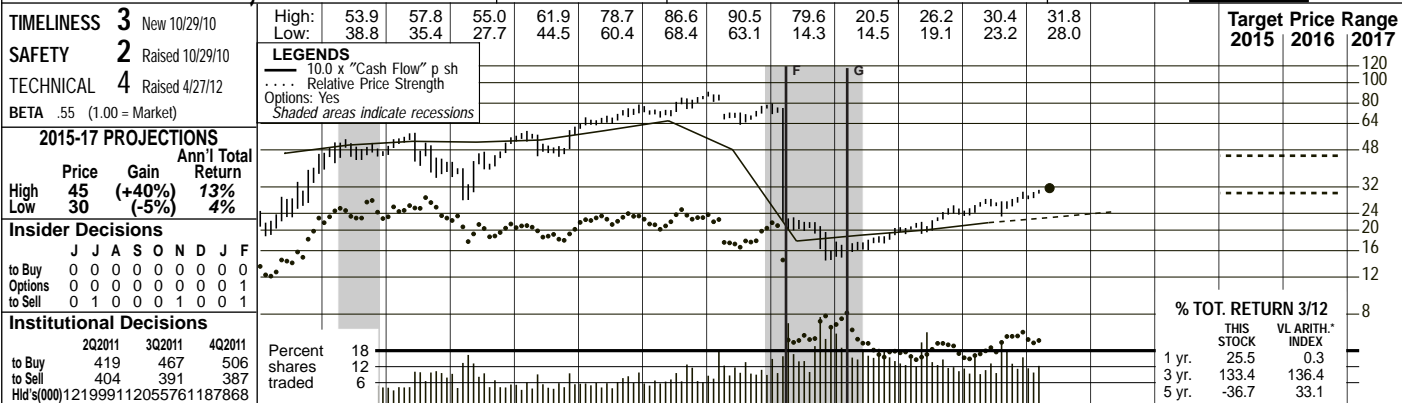


# ALTRIA GROUP, INC. NYSE-MO

RECENT PRICE **31.61** P/E RATIO **15.1** (Trailing: 15.6 Median: 12.0) RELATIVE P/E RATIO **0.96** DIV'D YLD **5.2%** VALUE LINE



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 <sup>H</sup>	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Price	28.46	29.71	30.61	33.61	36.38	41.78	39.43	40.17	43.51	46.93	48.36	35.02	9.39	11.35	11.66	11.53	12.55	12.65	Sales per sh	14.35
Gain	3.29	3.30	2.91	4.01	4.63	5.06	5.26	5.22	5.35	5.92	6.59	4.81	1.78	1.89	2.00	2.17	2.30	2.45	"Cash Flow" per sh	3.30
Return	2.56	2.58	2.20	3.19	3.75	3.87	4.49	4.52	4.57	5.15	5.76	4.36	1.66	1.76	1.87	2.05	2.20	2.35	Earnings per sh <sup>A</sup>	3.15
Options	1.47	1.60	1.68	1.84	2.02	2.22	2.44	2.64	2.82	3.06	3.32	3.16	1.68	1.32	1.46	1.58	1.70	1.82	Div'ds Decl'd per sh <sup>B</sup>	2.18
to Buy	.73	.77	.74	.75	.76	.89	.99	.97	.93	1.06	1.17	2.10	.12	.13	.08	.05	.05	.05	Cap'l Spending per sh	.10
to Sell	5.85	6.15	6.66	6.54	6.79	9.12	9.55	12.31	14.91	17.13	18.89	8.80	1.37	1.96	2.49	1.78	1.95	2.15	Book Value per sh <sup>C</sup>	3.85
to Buy	2431.3	2425.5	2430.5	2338.5	2208.9	2152.5	2039.3	2037.3	2059.5	2085.0	2097.1	2107.7	2061.4	2076.0	2088.7	2064.0	1930.0	1970.0	Common Shs Outst'g <sup>D</sup>	1955.0
to Sell	12.6	16.5	20.2	11.4	7.4	12.2	10.6	9.2	11.4	13.2	13.4	16.3	11.9	9.9	11.8	12.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	12.0
Hld's(000)	.79	.95	1.05	.65	.48	.63	.58	.52	.60	.70	.72	.87	.72	.66	.75	.82			Relative P/E Ratio	.80
121999112055761187868	4.5%	3.8%	3.8%	5.1%	7.3%	4.7%	5.1%	6.3%	5.4%	4.5%	4.3%	4.5%	8.5%	7.6%	6.6%	6.0%			Avg Ann'l Div'd Yield	5.8%

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 <sup>H</sup>	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Total Debt	80408	81832	89610	97854	101407	73801	19356	23556	24363	23800	24240	24895	Sales (\$mill)	28000						
LT Debt	23.0%	21.6%	20.0%	19.4%	19.5%	19.9%	26.6%	26.3%	25.8%	29.2%	30.5%	30.5%	Operating Margin	31.5%						
LT Interest	1331.0	1440.0	1607.0	1675.0	1804.0	980.0	215.0	291.0	276.0	233.0	240	245	Depreciation (\$mill)	315						
(Total interest coverage, 4.6x)	9402.0	9204.0	9420.0	10668	12022	9161.0	3449.0	3641.0	3905.0	4243.0	4245	4615	Net Profit (\$mill)	6145						
	35.2%	34.9%	32.4%	29.9%	26.3%	31.5%	33.7%	25.3%	31.7%	32.6%	33.0%	33.0%	Income Tax Rate	33.0%						
	11.7%	11.2%	10.5%	10.9%	11.9%	12.4%	17.8%	15.5%	16.0%	17.8%	17.5%	18.5%	Net Profit Margin	21.9%						
	d1641	d11.0	2327.0	d377.0	725.0	4108.0	3934.0	d2219	d859.0	411.0	220	395	Working Cap'l (\$mill)	1015						
	19189	18953	16462	17868	14498	7463.0	7339.0	11185	12194	13089	12135	11185	Long-Term Debt (\$mill)	10615						
	19478	25077	30714	35707	39619	18554	2828.0	4069.0	5192.0	3683.0	3795	4230	Shr. Equity (\$mill)	7485						
	26.0%	22.4%	21.5%	20.9%	22.9%	35.6%	34.7%	27.8%	19.6%	21.7%	21.5%	25.5%	Return on Total Cap'l	31.0%						
	48.3%	36.7%	30.7%	29.9%	30.3%	49.4%	122.0%	89.5%	NMF	NMF	NMF	NMF	Return on Shr. Equity	NMF						
	22.3%	15.6%	12.2%	12.5%	13.1%	13.5%	NMF	23.3%	17.8%	26.7%	26.0%	24.5%	Retained to Com Eq	25.0%						
	54%	57%	60%	58%	57%	73%	101%	74%	76%	77%	77%	78%	All Div'ds to Net Prof	69%						

**CAPITAL STRUCTURE as of 12/31/11**  
**Total Debt \$13689 mill. Due in 5 Yrs \$3584 mill.**  
**LT Debt \$13089 mill. LT Interest \$1163 mill.**  
 (Total interest coverage, 4.6x) (79% of Cap'l)

**Pension Assets \$5.3 bill. Oblig. \$7.0 bill.**  
**Pfd Stock None**

**Common Stock 2,045,667,279 shs. as of 1/31/2012**  
**MARKET CAP: \$65.7 billion (Large Cap)**

**CURRENT POSITION<sup>E</sup> 2009 2010 12/31/11 (\$MILL.)**

Cash Assets	1871	2314	3270
Receivables	96	85	268
Inventory (LIFO)	1810	1803	1779
Other	1996	1779	1814
Current Assets	5773	5981	7131
Accts Payable	494	529	503
Debt Due	775	-	600
Other	6723	6311	6540
Current Liab.	7992	6840	7643

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '09-'11 to '15-'17

Sales	-10.5%	-24.5%	4.0%
"Cash Flow"	-7.0%	-19.0%	6.0%
Earnings	-5.5%	-18.0%	6.0%
Dividends	-2.0%	-12.0%	7.0%
Book Value	-11.5%	-33.5%	5.5%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	4523	6719	6300	6014	23556
2010	5760	6274	6402	5927	24363
2011	5643	5920	6108	6129	23800
2012	5825	5940	6115	6360	24240
2013	5980	6100	6280	6535	24895

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	.39	.50	.48	.39	1.76
2010	.42	.50	.54	.44	1.90
2011	.44	.53	.56	.50	2.05
2012	.50	.48	.62	.60	2.20
2013	.57	.48	.64	.66	2.35

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.75	.75	.29 <sup>H</sup>	.32	2.11
2009	.32	.32	.34	.34	1.32
2010	.35	.35	.38	.38	1.46
2011	.38	.38	.41	.41	1.58
2012	.41	.41			

**Altria closed the books on a good year in 2011, and likely kicked off 2012 with a solid double-digit share-net increase. First-quarter results were released as we rolled the press on this Issue. The top and bottom lines fell to \$23.8 billion and \$1.64 a share in 2011, from \$24.4 billion and \$1.87 a share in 2010. However, excluding charges related to leveraged lease transactions, tobacco and health judgements, and MO's cost-reduction program, share net climbed 13.6% to \$0.50, and 7.9% to \$2.05 for the fourth quarter and full year, respectively. We project that adjusted earnings remained flat sequentially, coming in at \$0.50 a share in the first quarter.**

**We expect a healthy performance in 2012.** To combat the decline in cigarette shipment volumes (down 4% year over year), MO twice increased its prices for premium cigarette brands in 2011, implying a stern focus on generating higher profit margins. Accordingly, we project 2012 earnings to register at \$2.20 a share, on sales of \$24.2 billion.

**Altria is dominating in the arena of smokeless tobacco products, which are currently not subject to FDA regulations.**

Indeed, total revenues from smokeless products grew upward of \$1.6 billion in 2011, from roughly \$1.5 billion in 2010. Too, MO recently entered into an agreement with Okono A/S to develop new, noncombustible nicotine-containing products for tobacco consumers. This venture, along with new product introductions, ought to improve market share and drive earnings in the periods ahead.

**Share buybacks should also support the bottom line.** Altria repurchased \$1.3 billion worth of shares in 2011, and intends on spending the \$673 million remaining in the repurchase program by the end of 2012. What's more, the company has consistently paid a healthy dividend. In fact, Altria has increased its payout 45 times in the past 42 years, and offers a current yield of 5.2%. These factors indicate the company's commitment to continue enhancing shareholder value.

**This issue is ranked to mirror the broader market in the year ahead, and yields subpar total return potential over the 3- to 5-year pull.** All told, we encourage growth investors to hold back.

*Katherine Cullinane* April 27, 2012

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