**Remarks of George C. Freeman, III**
**Universal Corporation**
**August 4, 2009**

We performed well in fiscal year 2009. We achieved our goals of increasing earnings per share and generating economic profit. Our earnings per diluted share were $4.32, compared to $3.70 last year, reflecting volume increases and improved margins in most regions, and the benefits of our share repurchase program. We achieved this despite significant currency-related losses, which reduced net income by $32.9 million, or $1.08 per diluted share. We earned just over $130 million last year, an increase of more than $10 million.

Our flue-cured and burley operations had a strong year due to improved volumes and margins. In fact, that group earned almost $190 million in operating income, its best performance in the last five years. North American was up nearly 40% thanks to increased sales, which included old crop tobacco. Volumes in Africa were much higher following the short burley crop in calendar year 2007. Without the impact of the currency losses, South America would have been flat despite reduced volumes.

During fiscal year 2009, we also continued to return funds to our shareholders operating under our philosophy of investing in our business where we see good opportunities, managing our balance sheet, and returning any excess free cash to our shareholders. We increased our common dividend for the 38th consecutive year – which was even more notable in a year littered with dividend cuts by others. We also repurchased 2.2 million shares of common stock for $111 million.

Our business is affected by many complex factors, and I would like to share our perspective on some of them.

We expect flue-cured production will increase slightly outside China, and supply should remain in balance with demand.  Supply of burley is another matter. Africa has produced a very large crop of burley, and we will likely see some oversupply this year.   Dealer inventories for flue-cured and burley are about 70 million kgs. compared to last year's 80 million kgs.

The future of European tobacco, 200 million kilos of various styles and types, continues to be clouded by subsidy reductions slated for the 2010 crop.  Although we believe that manufacturers value the quality of European leaf production and understand its importance to the global supply of tobacco, it must remain competitive.  Our European management team is working hard to ensure that, by continuing their dialogue with governments, supply chain partners and of course our customers.  We believe they are succeeding, but only time will tell.

Looking at the current worldwide situation, we see the U.S. dollar beginning to weaken again, which could increase costs as we enter the next purchasing season.  We will be monitoring this closely, and continue working to control our costs.

We expect the long-term worldwide demand for leaf to be flat although the requirements of some markets may exceed domestic capacity and provide opportunities for dealers.  If the trends continue for declining demand for American blend cigarettes, which are more popular in developed markets, and increasing demand for English blend cigarettes, we could see a gradual shift away from burley and oriental towards flue-cured.

Japan Tobacco Inc. ("JTI"), one of our largest customers, recently announced steps to enhance their direct leaf procurement capabilities, by acquiring and entering joint ventures with smaller leaf merchants.  They enumerated several factors that prompted their moves, including the desire to enhance internal expertise in leaf procurement, actively manage the leaf supply chain, and work more directly with tobacco growers. Over time, such steps are likely to reduce our volumes with them in the U.S., and may affect other regions as well. However, the overall impact and timing cannot yet be determined. We are continuing our dialogue with JTI and believe we will continue our long-term relationship.

As you know, Congress has recently enacted legislation requiring the FDA to regulate tobacco products. No regulations have been issued yet, so we cannot determine the total effect on our business. Because of our dedication to quality, we believe that we are in very good position to help our customers meet those regulations when they do come out.

We believe that our strong organization is prepared to meet the challenges of change in our industry as we have in the past.

Looking at our first quarter this year -- we had a great quarter. We earned $1.47 per diluted share, which is more than double last year's $0.64. Revenues of about $616 million were up 22% on earlier shipments and better product mix.

Both North America and Africa were hurt by lower sales of old crop. Brazilian volumes were up significantly due to earlier shipments. Sales prices were lower this year, reflecting lower cost of leaf due to the weaker currency there during the purchasing season. I note that a significant portion of the cost of producing the crop was incurred in the form of inputs advanced to farmers before the local currency weakened and was included in last year's currency remeasurement losses. Earlier shipments of tobacco from Europe and increased volumes in Asia also helped the quarter's results.

Our oriental tobacco joint venture improved on favorable sales mix and cost reductions. Dark tobacco results also improved on better product mix although volumes declined. During the last quarter of fiscal year 2009, customers had accelerated purchases in anticipation of tax increases, and thus volumes were lower this quarter.

As we go forward in fiscal year 2010, we will continue to work to deliver strong returns to our shareholders. Our goals are consistent with those of last year. We want to increase earnings per share, generate economic profit, and maintain our strong financial position.

Finally, we recognize that each of our customers is vital to our success. Our job is to supply them with quality tobacco that meets their specific requirements on a timely basis and that is produced in a compliant and sustainable manner. We also work to ensure that our farming partners will continue producing tobacco. All of our employees are keenly aware that we must earn our customers' business every day. I want to thank our employees for making this company a success throughout its 91 year history, and thank our customers for choosing us.