

ALTRIA GROUP, INC.
Form DEF 14A
April 24, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only(as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

Altria Group, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(3) Filing Party:

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ALTRIA GROUP, INC.

MICHAEL E. SZYMANCZYK
CHAIRMAN OF THE BOARD

6601 WEST BROAD STREET
RICHMOND, VIRGINIA 23230

April 24, 2008

Dear Fellow Stockholder:

It is my pleasure to invite you to join us at the 2008 Annual Meeting of Stockholders of Altria Group, Inc. to be held on Wednesday, May 28, 2008 at 9:00 a.m., at the Greater Richmond Convention Center, 403 North 3rd Street, Richmond, Virginia 23219.

At this year's meeting, we will vote on the election of eight directors, the ratification of PricewaterhouseCoopers LLP's selection as the Company's independent auditors and, if properly presented, six proposals from stockholders. There will also be a report on the Company's business, and stockholders will have an opportunity to ask questions.

We anticipate that a large number of stockholders will attend the meeting. Because seating is limited, you may bring only one immediate family member as a guest. To attend the meeting, you must present an admission ticket and government-issued photographic identification. **Please note that you must submit a request for an admission ticket. To request an admission ticket, please follow the instructions set forth on page 2 in response to question 4.**

The meeting facilities will open at 7:30 a.m. We suggest you arrive early to facilitate your registration and security clearance. Those needing special assistance at the meeting are requested to write to the Company's Corporate Secretary at 6601 West Broad Street, Richmond, Virginia 23230. For your comfort and security, you will not be permitted to bring any packages, briefcases, large pocketbooks or bags into the meeting. Also, cellular and digital phones, audio tape recorders, laptops, video and still cameras, pagers and pets will not be permitted into the meeting. We thank you in advance for your patience and cooperation with these rules. While they may seem strict to some, they assist us in conducting a safe and orderly meeting and are in everyone's interest.

Attached you will find a notice of meeting and proxy statement that contains additional information about the meeting, including the methods that you can use to vote your proxy, such as the telephone or Internet.

Your vote is important. I encourage you to sign and return your proxy card, or use telephone or Internet voting prior to the meeting, so that your shares of common stock will be represented and voted at the meeting even if you cannot attend.

Sincerely,

For further information about the Annual Meeting,

please call 1-800-367-5415

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ALTRIA GROUP, INC.

6601 West Broad Street

Richmond, VA 23230

**NOTICE OF 2008 ANNUAL MEETING OF
STOCKHOLDERS OF ALTRIA GROUP, INC.**

TIME: 9:00 a.m. on Wednesday, May 28, 2008

PLACE: The Greater Richmond Convention Center
403 North 3rd Street
Richmond, Virginia

ITEMS OF BUSINESS:

- 1) To elect eight directors.
- 2) To ratify the selection of PricewaterhouseCoopers LLP as independent auditors for the Company for the fiscal year ending December 31, 2008.
- 3) To vote on six stockholder proposals, if properly presented at the meeting.
- 4) To transact other business properly coming before the meeting.

WHO CAN VOTE: Stockholders of record on April 4, 2008.

2007 ANNUAL REPORT: A copy of our 2007 Annual Report is enclosed.

DATE OF MAILING: This notice and the proxy statement are first being mailed to stockholders on or about April 24, 2008.

Sean X. McKessy
Corporate Secretary

April 24, 2008

WE URGE EACH STOCKHOLDER TO PROMPTLY SIGN AND RETURN THE ENCLOSED PROXY CARD OR TO USE TELEPHONE OR INTERNET VOTING. SEE OUR QUESTION AND ANSWER SECTION FOR INFORMATION ABOUT VOTING BY TELEPHONE OR INTERNET, HOW TO REVOKE A PROXY, AND HOW TO VOTE YOUR SHARES OF COMMON STOCK IN PERSON.

PLEASE NOTE THAT YOU MUST SUBMIT A REQUEST FOR AN ADMISSION TICKET. TO OBTAIN AN ADMISSION TICKET, PLEASE FOLLOW THE INSTRUCTIONS SET FORTH ON PAGE 2 IN RESPONSE TO QUESTION 4.

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**Important Notice Regarding the Availability of Proxy Materials
For the Stockholder Meeting to be Held on May 28, 2008**

The Company's Proxy Statement and 2007 Annual Report to Shareholders are available at
<http://www.altria.com/proxy>.

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ALTRIA GROUP, INC.
6601 WEST BROAD STREET
RICHMOND, VIRGINIA 23230

April 24, 2008

PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 28, 2008

Our Board of Directors is furnishing you with this proxy statement to solicit proxies on its behalf to be voted at the 2008 Annual Meeting of Stockholders of Altria Group, Inc. (the Company) at 9:00 a.m., at the Greater Richmond Convention Center, 403 North 3rd Street, Richmond, Virginia. The proxies also may be voted at any adjournments or postponements of the meeting.

We are first sending the proxy materials to stockholders on or about April 24, 2008.

All properly executed written proxies, and all properly completed proxies submitted by telephone or by the Internet, that are delivered pursuant to this solicitation will be voted at the meeting in accordance with the directions given in the proxy, unless the proxy is revoked before the meeting.

Only stockholders of record of shares of common stock at the close of business on April 4, 2008 are entitled to notice of and to vote at the meeting, or at adjournments or postponements of the meeting. Each stockholder of record on the record date is entitled to one vote for each share of common stock held. On April 4, 2008, there were 2,099,732,751 shares of common stock issued and outstanding.

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**QUESTIONS AND ANSWERS ABOUT
THE MEETING AND VOTING**

1. WHAT IS A PROXY?

It is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. Michael E. Szymanczyk and Denise F. Keane have been designated as proxies for the 2008 Annual Meeting of Stockholders.

2. WHAT IS THE RECORD DATE AND WHAT DOES IT MEAN?

The record date for the 2008 Annual Meeting of Stockholders is April 4, 2008. The record date is established by the Board of Directors as required by Virginia law. Stockholders of record (registered stockholders and street name holders) at the close of business on the record date are entitled to:

- (a) receive notice of the meeting; and
- (b) vote at the meeting and any adjournments or postponements of the meeting.

3. WHAT IS THE DIFFERENCE BETWEEN A REGISTERED STOCKHOLDER AND A STOCKHOLDER WHO HOLDS STOCK IN STREET NAME?

If your shares of stock are registered in your name on the books and records of our transfer agent, you are a registered stockholder.

If your shares of stock are held for you in the name of your broker or bank, your shares are held in street name. The answer to Question 15 describes brokers' discretionary voting authority and when your bank or broker is permitted to vote your shares of stock without instructions from you.

4. HOW DO I OBTAIN ADMISSION TO THE MEETING?

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To obtain admission to the meeting, you must request an admission ticket. Because seating is limited, you may bring only one immediate family member as a guest. In addition, all meeting attendees must present government-issued photographic identification at the meeting. Please submit your request for an admission ticket by Monday, May 12, 2008, by mailing or faxing a request to the Company's Corporate Secretary at 6601 West Broad Street, Richmond, Virginia 23230, facsimile: 1-800-352-6172 (from within the United States) or 1-914-272-0985 (from outside the United States). Please include the following information:

- your name and mailing address;
- whether you need special assistance at the meeting;
- the name of your immediate family member, if one will accompany you; and
- if your shares are held for you in the name of your broker or bank, evidence of your stock ownership (such as a letter from your broker or bank or a photocopy of a current brokerage or other account statement) as of April 4, 2008.

5. WHAT ARE THE DIFFERENT METHODS THAT I CAN USE TO VOTE MY SHARES OF COMMON STOCK?

(a) *In Writing:* All stockholders of record can vote by mailing their completed and signed proxy card (in the case of registered stockholders) or their completed and signed vote instruction form (in the case of street name holders).

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(b) *By Telephone and Internet Proxy:* All registered stockholders of record also can vote their shares of common stock by touchtone telephone from the United States and Canada, using the toll-free telephone number on the proxy card, or by the Internet, using the procedures and instructions described on the proxy card and other enclosures. Street name holders of record may vote by telephone or the Internet if their banks or brokers make those methods available. If that is the case, each bank or broker will enclose instructions with the proxy statement. The telephone and Internet voting procedures, including the use of control numbers, are designed to authenticate stockholders' identities, to allow stockholders to vote their shares, and to confirm that their instructions have been properly recorded.

(c) *In Person:* All stockholders may vote in person at the meeting (unless they are street name holders without a legal proxy).

6. HOW CAN I REVOKE A PROXY?

You can revoke a proxy prior to the completion of voting at the meeting by:

(a) giving written notice to the Corporate Secretary of the Company;

(b) delivering a later-dated proxy; or

(c) voting in person at the meeting.

7. ARE VOTES CONFIDENTIAL? WHO COUNTS THE VOTES?

We will continue our long-standing practice of holding the votes of each stockholder in confidence from directors, officers and employees except: (a) as necessary to meet applicable legal requirements and to assert or defend claims for or against the Company, (b) in case of a contested proxy solicitation, (c) if a stockholder makes a written comment on the proxy card or otherwise communicates his or her vote to management, or (d) to allow the independent inspectors of election to certify the results of the vote. We will also continue, as we have for many years, to retain an independent tabulator to receive and tabulate the proxies and independent inspectors of election to certify the results.

8. WHAT ARE THE VOTING CHOICES WHEN VOTING ON DIRECTOR NOMINEES, AND WHAT VOTE IS NEEDED TO ELECT DIRECTORS?

When voting on the election of director nominees to serve until the 2009 Annual Meeting of Stockholders, stockholders may:

- (a) vote in favor of a nominee;

- (b) vote against a nominee; or

- (c) abstain from voting on a nominee.

Directors will be elected by a majority of the votes cast. A majority of the votes cast means that a number of votes FOR a director nominee must exceed the number of votes AGAINST that nominee. Any director who receives a greater number of votes AGAINST his or her election than votes FOR such election shall offer to tender his or her resignation to the Board. The Nominating, Corporate Governance and Social Responsibility Committee shall consider the offer and recommend to the Board whether to accept or reject the offer. The full Board will consider all factors it deems relevant to the best interests of the Company, make a determination and publicly disclose its decision and rationale within 90 days after confirmation of the election results.

The Board recommends a vote FOR all of the nominees.

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9. WHAT ARE THE VOTING CHOICES WHEN VOTING ON THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP, AND WHAT VOTE IS NEEDED TO RATIFY THEIR SELECTION?

When voting on the ratification of the selection of PricewaterhouseCoopers LLP as independent auditors for the Company, stockholders may:

- (a) vote in favor of the ratification;
- (b) vote against the ratification; or
- (c) abstain from voting on the ratification.

The selection of the independent auditors will be ratified if the votes cast FOR exceed the votes cast AGAINST.

The Board recommends a vote FOR this proposal.

10. WHAT ARE THE VOTING CHOICES WHEN VOTING ON EACH STOCKHOLDER PROPOSAL PROPERLY PRESENTED AT THE MEETING AND WHAT VOTE IS NEEDED TO APPROVE ANY OF THESE STOCKHOLDER PROPOSALS?

A separate vote will be held on each stockholder proposal that is properly presented at the meeting. When voting on each of the stockholder proposals, stockholders may:

- (a) vote in favor of the proposal;
- (b) vote against the proposal; or
- (c) abstain from voting on the proposal.

A stockholder proposal will be approved if the votes cast FOR the proposal exceed the votes cast AGAINST.

The Board recommends a vote AGAINST each of the shareholder proposals.

11. WHAT IF A STOCKHOLDER DOES NOT SPECIFY A CHOICE FOR A MATTER WHEN RETURNING A PROXY?

Stockholders should specify their choice for each matter on the enclosed proxy. If no specific instructions are given, proxies that are signed and returned will be voted FOR the election of all director nominees, FOR the proposal to ratify the selection of PricewaterhouseCoopers LLP and AGAINST each of the stockholder proposals.

12. WHO IS ENTITLED TO VOTE?

You may vote if you owned stock as of the close of business on April 4, 2008. Each share of common stock is entitled to one vote. As of April 4, 2008, we had 2,099,732,751 shares of common stock outstanding.

13. HOW DO I VOTE IF I PARTICIPATE IN THE DIVIDEND REINVESTMENT PLAN?

The proxy card you have received includes your dividend reinvestment plan shares. You may vote your shares through the Internet, by telephone or by mail, all as described on the enclosed proxy card.

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14. WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD?

It means that you have multiple accounts with brokers and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker and/or our transfer agent to consolidate as many accounts as possible under the same name and address. Our transfer agent is Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078 or you can reach Computershare at 1-800-442-0077 (from within the United States or Canada) or 1-781-575-3572 (from outside the United States or Canada).

15. WILL MY SHARES BE VOTED IF I DO NOT PROVIDE MY PROXY?

Your shares may be voted if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on certain routine matters.

The ratification of the selection of PricewaterhouseCoopers LLP as independent auditors of the Company is considered a routine matter for which brokerage firms may vote unvoted shares. The other proposals to be voted on at our meeting are not considered routine under New York Stock Exchange rules. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote.

16. ARE ABSTENTIONS AND BROKER NON-VOTES COUNTED?

Abstentions and broker non-votes will not be included in vote totals and will not affect the outcome of the vote.

17. MAY STOCKHOLDERS ASK QUESTIONS AT THE MEETING?

Yes. The Chairman will answer stockholders questions of general interest during a designated portion of the meeting. In order to provide an opportunity for everyone who wishes to speak, stockholders will be limited to two (2) minutes. Stockholders may speak a second time only after all others who wish to speak have had their turn. When speaking, stockholders must direct questions and comments to the Chairman and confine their remarks to matters that relate directly to the business of the meeting.

18. HOW MANY VOTES MUST BE PRESENT TO HOLD THE MEETING?

Your shares are counted as present at the meeting if you attend the meeting and vote in person or if you properly return a proxy by Internet, telephone or mail. In order for us to conduct our meeting, a majority of our outstanding shares of common stock as of

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April 4, 2008, must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions and shares of record held by a broker or its nominee (Broker Shares) that are voted on any matter are included in determining the number of votes present. Broker Shares that are not voted on any matter will not be included in determining whether a quorum is present.

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BOARD OF DIRECTORS

Board of Directors

The primary responsibility of the Board of Directors (the Board) is to foster the long-term success of the Company, consistent with its fiduciary duty to the stockholders. The Board has responsibility for establishing broad corporate policies, setting strategic direction, and overseeing management, which is responsible for the day-to-day operations of the Company. In fulfilling this role, each director must exercise his or her good faith business judgment of the best interests of the Company.

The Board holds regular meetings typically during the months of January, February, April, May, August, October and December, and special meetings are held when necessary. The organizational meeting follows immediately after the Annual Meeting of Stockholders. One of the meetings is held at an offsite location for several days each year to review the Company's strategic plan. The Board held seven meetings in 2007. The Board meets in executive session at every Board meeting. Directors are expected to attend Board meetings, the Annual Meeting of Stockholders and meetings of the Committees on which they serve, with the understanding that on occasion a director may be unable to attend a meeting. During 2007, all nominees for director who served in 2007 attended at least 75% of the aggregate number of meetings of the Board and all Committees on which they served. In addition, all directors who served in 2007 attended the 2007 Annual Meeting of Stockholders.

The Board has adopted Corporate Governance Guidelines. In addition, the Company has adopted the Altria Code of Conduct for Compliance and Integrity, which applies to all of its employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions, as well as a code of business conduct and ethics that applies to the members of the Company's Board. The Board has also adopted a policy with regard to reviewing certain transactions in which the Company is a participant and an officer, director or nominee for director has, had or may have a direct or indirect material interest. All of these documents are available free of charge on the Company's website, www.altria.com/governance, and will be provided free of charge to any stockholders requesting a copy by writing to: Corporate Secretary, Altria Group, Inc., 6601 West Broad Street, Richmond, Virginia 23230.

The information on the Company's website is not, and shall not be deemed to be, a part of this proxy statement or incorporated into any other filings the Company makes with the Securities and Exchange Commission.

Presiding Director

The non-management directors annually elect one independent director to be the Presiding Director. The Presiding Director's responsibilities are to:

- Preside over executive sessions of the non-management directors and at all meetings at which the Chairman is not present;
- Call meetings of the non-management directors as he or she deems necessary;
- Serve as liaison between the Chairman and the non-management directors;

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Develop and coordinate agendas and schedules for Board meetings with the Chairman;

Advise the Chairman of the Board's informational needs;

Together with the Chairman of the Compensation Committee, communicate goals and objectives to the Chairman and Chief Executive Officer and the results of the evaluation of his performance; and

Be available for consultation and communication if requested by major stockholders.

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The Presiding Director is invited to attend all meetings of Committees of the Board of which he or she is not a member.

Robert E. R. Huntley currently serves as the Presiding Director.

Communications with the Board

Stockholders and other interested parties who wish to communicate with the Board may do so by writing to the Presiding Director, Board of Directors of Altria Group, Inc., 6601 West Broad Street, Richmond, Virginia 23230. The non-management directors have established procedures for the handling of communications from stockholders and other interested parties and directed the Corporate Secretary to act as their agent in processing any communications received. All communications that relate to matters that are within the scope of the responsibilities of the Board and its Committees are to be forwarded to the Presiding Director. Communications that relate to matters that are within the responsibility of one of the Board Committees are also to be forwarded to the Chair of the appropriate Committee. Communications that relate to ordinary business matters that are not within the scope of the Board's responsibilities, such as customer complaints, are to be sent to the appropriate subsidiary. Solicitations, junk mail and obviously frivolous or inappropriate communications are not to be forwarded, but will be made available to any non-management director who wishes to review them.

Committees of the Board

The Board has established various separately-designated standing committees of the Board to assist it with the performance of its responsibilities. These Committees and their members are listed below. The Board designates the members of these Committees and the Committee Chairs annually at its organizational meeting following the Annual Meeting of Stockholders, based on the recommendations of the Nominating, Corporate Governance and Social Responsibility Committee. The Board has adopted written charters for each of these Committees and these charters are available on the Company's website at www.altria.com/governance. The Chair of each Committee develops the agenda for that Committee and determines the frequency and length of Committee meetings.

The **Audit Committee** consists entirely of non-management directors all of whom the Board has determined are independent within the meaning of the listing standards of the New York Stock Exchange and Rule 10A-3 of the Securities Exchange Act of 1934, as amended. Its responsibilities are set forth in the Audit Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee was established pursuant to Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Committee's responsibility is to assist the Board in its oversight of (i) the Company's financial statements and financial reporting processes and systems of internal control, (ii) the qualifications, independence and performance of the Company's independent auditors, (iii) the internal audit function and (iv) the Company's compliance with legal and regulatory requirements. The Committee is also responsible for preparing the Audit Committee Report that the rules of the Securities and Exchange Commission require the Company to include in the proxy statements. The Committee met nine times in 2007. During 2007, the members of the Committee were Lucio A. Noto (Chair); Elizabeth E. Bailey; J. Dudley Fishburn; Robert E. R. Huntley; George Muñoz; John S. Reed; and Stephen M. Wolf. The current members of the Committee are: George Muñoz (Chair); Elizabeth E. Bailey; Thomas F. Farrell II; Robert E. R. Huntley; and Thomas W. Jones. See pages 62 to 63 for further matters related to the Audit Committee, including its Report for the year 2007.

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The Board has determined that all members of the Audit Committee are financially literate and that George Muñoz and at least one other member of the Committee are audit committee financial experts within the meaning set forth in the regulations of the Securities and Exchange Commission. No member of the Audit Committee received any payments in 2007 from Altria Group, Inc. or its subsidiaries other than compensation received as a director of Altria Group, Inc.

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The **Compensation Committee** consists entirely of non-management directors all of whom the Board has determined are independent within the meaning of the listing standards of the New York Stock Exchange. Its responsibilities are set forth in the Compensation Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee discharges the Board's responsibilities relating to executive compensation, produces an annual Compensation Committee report to be included in the Company's proxy statement and reviews the succession plans for the chief executive officer and other senior executives. In addition, the Committee reviews and makes recommendations regarding compensation disclosures to be provided in the Company's Securities and Exchange Commission filings, including the Compensation Discussion and Analysis and narrative descriptions in the Committee's disclosure of its procedures in determining executive compensation. This Committee met six times in 2007. During 2007, the members of the Committee were: John S. Reed (Chair); Elizabeth E. Bailey; Harold Brown; J. Dudley Fishburn; Robert E. R. Huntley; Lucio A. Noto; and Stephen M. Wolf. The current members of the Committee are: Robert E. R. Huntley (Chair); Elizabeth E. Bailey; Gerald L. Baliles; Thomas F. Farrell II; and Thomas W. Jones. See pages 18 through 20 for further matters related to the Compensation Committee, including a discussion of its procedures and its report on the Compensation Discussion and Analysis appearing on pages 21 through 61.

The **Executive Committee** has the responsibilities set forth in the Executive Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee has authority to act for the Board during intervals between Board meetings to the extent permitted by law. This Committee did not meet in 2007. During 2007, the members of the Committee were: Louis C. Camilleri (Chair); Elizabeth E. Bailey; Mathis Cabiallavetta; Robert E. R. Huntley; Lucio A. Noto; John S. Reed; and Stephen M. Wolf. The current members of the Committee are: Michael E. Szymanczyk (Chair); Elizabeth E. Bailey; Robert E. R. Huntley; Thomas W. Jones; and George Muñoz.

The **Finance Committee** has the responsibilities set forth in the Finance Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee monitors the Company's financial condition, oversees the sources and uses of cash flow and the investment of certain employee benefit plan assets and advises the Board with respect to financing needs, dividend policy, share repurchase programs and other financial matters. This Committee met four times in 2007. During 2007, the members of the Committee were: Mathis Cabiallavetta (Chair); Harold Brown; Louis C. Camilleri; J. Dudley Fishburn; Robert E. R. Huntley; Thomas W. Jones; Lucio A. Noto; and John S. Reed. The current members of the Committee are: Thomas W. Jones (Chair); Elizabeth E. Bailey; Gerald L. Baliles; Dinyar S. Devitre; Robert E. R. Huntley; and George Muñoz.

The **Nominating, Corporate Governance and Social Responsibility Committee** consists entirely of non-management directors all of whom the Board has determined are independent within the meaning of the listing standards of the New York Stock Exchange. This Committee has the responsibilities set forth in the Nominating, Corporate Governance and Social Responsibility Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee identifies individuals qualified to become Board members consistent with the criteria approved by the Board and recommends a slate of nominees for election at each annual meeting of stockholders; makes recommendations to the Board concerning the appropriate size, function, needs and composition of the Board and its committees; advises the Board on corporate governance matters, including developing and recommending to the Board the Company's corporate governance principles; oversees the self-evaluation process of the Board and its committees; and provides oversight of the Company's public affairs, corporate reputation and societal alignment strategies. This Committee met four times in 2007. During 2007, the members of the Committee were: Stephen M. Wolf (Chair); Elizabeth E. Bailey; J. Dudley Fishburn; Thomas W. Jones; and John S. Reed. The current members of the Committee are: Elizabeth E. Bailey (Chair); Gerald L. Baliles; Thomas F. Farrell II; Robert E. R. Huntley; and George Muñoz. See page 9 for a description of the process the Nominating, Corporate Governance and Social Responsibility Committee follows in nominating directors.

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ELECTION OF DIRECTORS

Process for Nominating Directors

The Nominating, Corporate Governance and Social Responsibility Committee is responsible for identifying and evaluating nominees for director and for recommending to the Board a slate of nominees for election at the Annual Meeting of Stockholders.

In evaluating the suitability of individuals for Board membership, the Committee takes into account many factors, including whether the individual meets requirements for independence; the individual's general understanding of the various disciplines relevant to the success of a large publicly-traded company in today's global business environment; the individual's understanding of the Company's businesses and markets; the individual's professional expertise and educational background; and other factors that promote diversity of views and experience. The Committee evaluates each individual in the context of the Board as a whole, with the objective of recommending a group of directors that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a director for re-election, the Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board. The Committee has not established any specific minimum qualification standards for nominees to the Board, although from time to time the Committee may identify certain skills or attributes (e.g., financial experience, global business experience) as being particularly desirable to help meet specific Board needs that have arisen. The Committee does not distinguish between nominees recommended by stockholders and other nominees.

In identifying potential candidates for Board membership, the Committee relies on suggestions and recommendations from the Board, stockholders, management and others. From time to time, the Committee also retains search firms to assist it in identifying potential candidates for director, gathering information about the background and experience of such candidates and acting as an intermediary with such candidates. Stockholders wishing to suggest candidates to the Committee for consideration as directors must submit a written notice to the Corporate Secretary, who will provide it to the Committee. The Company's By-Laws set forth the procedures a stockholder must follow to nominate directors. These procedures are summarized in this proxy statement under the caption "2009 Annual Meeting."

The Nominees

It is proposed that eight directors, six of whom are independent directors, be elected to hold office until the next Annual Meeting of Stockholders and until their successors have been elected. The Nominating, Corporate Governance and Social Responsibility Committee has recommended to the Board, and the Board has approved, the persons named and, unless otherwise marked, a proxy will be voted for such persons. Each of the nominees currently serves as a director and, with the exception of Messrs. Szymanczyk, Baliles, Devitre and Farrell, was elected by the stockholders at the 2007 Annual Meeting. The new nominees were identified and proposed as candidates for service on the Board by the Nominating, Corporate Governance and Social Responsibility Committee.

Independence of Nominees

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The Board has determined that each of the following nominees for director is independent in that such nominee has no material relationship with the Company: Elizabeth E. Bailey, Gerald L. Baliles, Thomas F. Farrell II, Robert E. R. Huntley, Thomas W. Jones, and George Muñoz. To assist it in making these determinations, the Board has adopted categorical standards of director independence that are set forth in Annex A to the Corporate Governance Guidelines, which is available on the Company's website at www.altria.com/governance. Each of the above-named nominees qualifies as independent under these standards. In making its affirmative determination that these directors are independent, the

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Nominating, Corporate Governance and Social Responsibility Committee considered the fact that Mr. Farrell and immediate family members (as defined in the Policy on Related Persons Transactions, which is available on the Company's website at www.altria.com/governance) of Ms. Bailey and Mr. Baliles are employed by entities with which the Company or its subsidiaries do business in the ordinary course on terms comparable to those provided to unrelated third parties and that neither Mr. Farrell nor any immediate family member is involved in or directly benefits from such business. The Committee determined that none of these transactions created a direct or indirect material benefit to the directors.

Although it is not anticipated that any of the persons named below will be unable or unwilling to stand for election, a proxy, in the event of such an occurrence, may be voted for a substitute designated by the Board. However, in lieu of designating a substitute, the Board may amend the Company's By-Laws to reduce the number of directors.

<p>Elizabeth E. Bailey</p> <p>John C. Hower Professor of Business and Public Policy, The Wharton School of the University of Pennsylvania, Philadelphia, PA</p> <p>Director since 1989</p> <p>Age: 69</p>	<p>Dr. Bailey assumed her present position in July 1991, having served from July 1990 to June 1991 as a professor of industrial administration at Carnegie-Mellon University and as a visiting scholar at the Yale School of Organization and Management. From 1983 to 1990, she was Dean of the Graduate School of Industrial Administration of Carnegie-Mellon University. Dr. Bailey serves as a director of Teachers Insurance and Annuity Association and CSX Corporation, and as a trustee of The Brookings Institution and the National Bureau of Economic Research. Dr. Bailey is Chair of the Nominating, Corporate Governance and Social Responsibility Committee and a member of the Audit, Compensation, Executive, and Finance Committees.</p>
<p>Gerald L. Baliles</p> <p>Director, Miller Center of Public Affairs at the University of Virginia, Charlottesville, Virginia</p> <p>Director since 2008</p> <p>Age: 67</p>	<p>Mr. Baliles is the director of the Miller Center of Public Affairs at the University of Virginia, a leading public policy institution; he has held this position since April 2006. From 1990 to April 2006, he served as a partner in the firm of Hunton & Williams LLP, headquartered in Richmond, Virginia. From 1986 through 1990, Mr. Baliles served as the 65th Governor of the Commonwealth of Virginia. Mr. Baliles serves on the boards of the Norfolk Southern Corporation and the Shenandoah Life Insurance Company, and has served on the boards of the Greater Richmond World Affairs Council, the Greater Richmond Transportation Advocacy Board, and the Richmond Symphony Council. Mr. Baliles is a member of the Compensation, Finance and Nominating, Corporate Governance and Social Responsibility Committees.</p>

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<p>Dinyar S. Devitre</p> <p>Retired Senior Vice President and Chief Financial Officer,</p> <p>Altria Group, Inc.,</p> <p>New York, NY</p> <p>Director since 2008</p> <p>Age: 61</p>	<p>Mr. Devitre retired from his position as Senior Vice President and Chief Financial Officer of Altria Group, Inc. in March 2008. Prior to Mr. Devitre's appointment to this position in April 2002, he held a number of senior management positions with the Company. He is a director of Western Union Company, SAB Miller plc and a Trustee of the Lincoln Center Inc., the Asia Society and the Brooklyn Academy of Music. Mr. Devitre is a member of the Finance Committee.</p>
<p>Thomas F. Farrell II</p> <p>Chairman, President and Chief Executive Officer,</p> <p>Dominion Resources, Inc.,</p> <p>Richmond, VA</p> <p>Director since 2008</p> <p>Age: 53</p>	<p>Mr. Farrell is the Chairman, President and Chief Executive Officer of Dominion Resources, Inc., one of the nation's largest producers of energy. He became President and Chief Executive Officer of Dominion effective January 1, 2006; he was elected Chairman in April 2007. From January 1, 2004 through December 31, 2006, he served as President and Chief Operating Officer of Dominion Resources, Inc. and prior to that as Executive Vice President. He is Chairman of the Board and Chief Executive Officer of Virginia Electric and Power Company and Chairman, President and Chief Executive Officer of CNG, both wholly-owned subsidiaries of Dominion. He is also a director of the Institute of Nuclear Power Operations (INPO). Mr. Farrell is a member of the Audit, Compensation and Nominating, Corporate Governance and Social Responsibility Committees.</p>
<p>Robert E. R. Huntley</p> <p>Retired lawyer, educator and businessman</p> <p>Director since 1976</p> <p>Age: 78</p>	<p>Mr. Huntley retired as counsel to the law firm of Hunton & Williams LLP in December 1995, a position he had held since December 1988. Previously, Mr. Huntley had served as Chairman, President and Chief Executive Officer of Best Products Co., Inc., Professor of Law at Washington and Lee School of Law and President of Washington and Lee University. He is the Presiding Director, Chair of the Compensation Committee, and a member of the Audit, Executive, Finance and Nominating, Corporate Governance and Social Responsibility Committees.</p>

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<p>Thomas W. Jones</p> <p>Senior Partner,</p> <p>TWJ Capital LLC,</p> <p>Stamford, CT</p> <p>Director since 2002</p> <p>Age: 58</p>	<p>Mr. Jones assumed his position as Senior Partner of TWJ Capital LLC, an investment company, in May 2005. From August 1999 to October 2004, he held the position of Chairman and Chief Executive Officer of Global Investment Management with Citigroup Inc. He joined Travelers Group as Vice Chairman in 1997 and served as Chairman and Chief Executive Officer of Smith Barney Asset Management until August 1999. Prior to joining Travelers Group, Mr. Jones served as Vice Chairman of TIAA-CREF, the largest pension system in the United States, from 1993 to 1997. Mr. Jones currently serves as a director of the following privately held companies: Game Trust, Kool Span, Inc., and Floor and Décor Outlets of America. He is also a trustee emeritus of Cornell University. Mr. Jones is Chair of the Finance Committee and a member of the Audit, Compensation and Executive Committees.</p>
<p>George Muñoz</p> <p>Principal, Muñoz Investment Banking Group, LLC,</p> <p>Washington, DC</p> <p>Partner,</p> <p>Tobin, Petkus & Muñoz,</p> <p>Chicago, IL</p> <p>Director since 2004</p> <p>Age: 56</p>	<p>Mr. Muñoz is a principal of the Washington, D.C.-based firm of Muñoz Investment Banking Group, LLC. He is also a partner in the Chicago-based law firm of Tobin, Petkus & Muñoz. He served as President and Chief Executive Officer of the Overseas Private Investment Corporation from 1997 to January 2001. From 1993 to 1997, Mr. Muñoz was Chief Financial Officer and Assistant Secretary of the United States Treasury Department. He is a member of the Board of Directors of Marriott International, Inc., and Anixter International, Inc. He also serves on the Board of Trustees of the National Geographic Society. Mr. Muñoz is Chair of the Audit Committee and a member of the Nominating, Corporate Governance and Social Responsibility, Executive and Finance Committees.</p>

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Michael E. Szymanczyk	Mr. Szymanczyk was appointed Chairman and Chief Executive Officer of Altria Group, Inc. in March 2008. He is also Chairman, President and Chief Executive Officer of Philip Morris USA, positions he has held since August 2002. He serves on the board of trustees of the Virginia Foundation for Independent Colleges, the University of Richmond, the Virginia Commonwealth University School of Engineering Foundation, the United Negro College Fund and the Richmond Performing Arts Center. Mr. Szymanczyk is Chair of the Executive Committee.
Chairman and Chief Executive Officer	
Altria Group, Inc., Richmond, VA	
Chairman, President and Chief Executive Officer	
Philip Morris USA, Richmond, VA	
Director since 2008	
Age: 59	

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Directors who are full-time employees of the Company receive no additional compensation for services as a director. With respect to non-employee directors, the Company's philosophy is to provide competitive compensation and benefits necessary to attract and retain high-quality non-employee directors. The Board believes that a substantial portion of director compensation should consist of equity-based compensation to assist in aligning directors' interests with the interests of stockholders.

The Nominating, Corporate Governance and Social Responsibility Committee periodically reviews director compensation taking into account the Company's compensation survey group (described below), considers the appropriateness of the form and amount of director compensation and makes recommendations to the Board concerning such compensation with a view toward attracting and retaining qualified directors. Based on the latest available data, total compensation for the Company's non-employee directors ranked within the third quartile (i.e., between the 50th percentile and the 75th percentile) of the Company's Compensation Survey Group.

During 2007, non-employee directors received an annual cash retainer of \$40,000 and fees of \$2,000 for each Board and Committee meeting attended (\$2,500 for committee chairs). Non-employee director committee chairs received annual retainers of \$10,000 for additional services rendered in connection with committee chair responsibilities.

Pursuant to the 2005 Stock Compensation Plan for Non-Employee Directors, approved by stockholders at the 2005 Annual Meeting on April 28, 2005, each non-employee director received an annual share award on April 26, 2007 of that number of shares of common stock having an aggregate fair market value of \$120,000 on the date of grant (1,715 shares of common stock with a fair market value of \$70.01 per share).

The following table presents the compensation received by the non-employee directors for fiscal year 2007.

NON-EMPLOYEE DIRECTOR COMPENSATION TABLE

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)(1)(2)</u>	<u>Total</u>
Elizabeth E. Bailey	\$ 118,524.00	\$ 120,000.00	\$ 238,524.00
Harold Brown	91,024.00	120,000.00	211,024.00
Mathis Cabiallavetta	87,000.00	120,000.00	207,000.00
J. Dudley Fishburn	105,014.00	120,000.00	225,014.00
Robert E. R. Huntley	109,024.00	120,000.00	229,024.00
Thomas W. Jones	83,002.00	120,000.00	203,002.00
George Muñoz	99,000.00	120,000.00	219,000.00
Lucio A. Noto	117,500.00	120,000.00	237,500.00
John S. Reed	111,024.00	120,000.00	231,024.00
Stephen M. Wolf	123,024.00	120,000.00	243,024.00

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- (1) Pursuant to the 2005 Stock Compensation Plan for Non-Employee Directors, on April 26, 2007, each non-employee director received 1,715 shares of Common Stock with an aggregate fair market value of \$120,000. The fair market value of the shares of \$70.01 per share was based on the average of the high and low price of Altria Group, Inc. Common Stock on April 26, 2007. In addition, each director was paid dividends totaling \$2,469.60 on this award during 2007.

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- (2) Options were awarded to directors in 2000, 2001 and 2002. No options have been awarded to directors since 2002. As of December 31, 2007, option awards were outstanding for the following directors in the following aggregate amounts: Dr. Bailey, 14,334; Dr. Brown, 14,334; Mr. Fishburn, 4,695; Mr. Huntley, 14,334; Mr. Jones, 2,295; Mr. Reed, 14,334; and Mr. Wolf, 14,334.

A non-employee director may elect to defer the award of shares of common stock, meeting fees and all or part of the annual retainer. Deferred fee amounts are credited to an unfunded account and may be invested in eight investment choices, including an Altria common stock equivalent account. These investment choices parallel the investment options offered to employees under the Altria Group, Inc. Deferred Profit-Sharing Plan and determine the earnings that are credited for bookkeeping purposes to a non-employee director's account. Subject to certain restrictions, a non-employee director is permitted to take cash distributions, in whole or in part, from his or her account either prior to or following termination of service.

Non-employee directors also are covered by business travel and accident insurance, which the Company maintains for their benefit when they travel on Company business, as well as group life insurance.

In February 2008, the Board of Directors approved the following recommendation of the Nominating, Corporate Governance and Social Responsibility Committee with respect to director compensation following the spin-off of Philip Morris International Inc. (PMI):