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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 x

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))
x 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)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials:

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed: April 7, 2016

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6601 West Broad Street

Richmond, Virginia 23230

Dear Fellow Shareholder:

It is my pleasure to invite you to join us at the 2016 Annual Meeting of Shareholders of Altria Group, Inc. to be held on Thursday, May 19, 2016 at 9:00 a.m., Eastern Time, 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 11 directors, the ratification of the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm and, if properly presented, two shareholder proposals. We will also conduct a non-binding advisory vote to approve the compensation of the Company s named executive officers. There also will be a report on the Company s business, and shareholders will have an opportunity to ask questions.

To attend the meeting, an admission ticket and government-issued photo identification are required. **To request an admission ticket, please follow the instructions on page 9 in response to Question 16**. One immediate family member who is 21 years of age or older may accompany a shareholder as a guest.

We use the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials to their shareholders over the Internet. We believe this expedites shareholders receiving proxy materials, lowers costs and conserves natural resources. We thus are mailing to many shareholders a Notice of Internet Availability of Proxy Materials, rather than a paper copy of the Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The Notice of Internet Availability explains how to access the proxy materials online, vote online and obtain a paper copy of our proxy materials.

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

April 7, 2016

Sincerely,

Martin J. Barrington

Chairman, Chief Executive Officer and President

For further information about the 2016 Annual Meeting,

please call 1-804-484-8838

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NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS OF ALTRIA GROUP, INC.

DATE AND TIME: Thursday, May 19, 2016 at 9:00 a.m., Eastern Time

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

Richmond, Virginia 23219

ITEMS OF BUSINESS:

1) To elect as directors the 11 nominees named in the accompanying Proxy Statement.

2) To ratify the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2016.

3) To hold a non-binding advisory vote to approve the compensation of the Company s named executive officers.

4) To vote on two shareholder proposals, if properly presented at the meeting.

5) To transact other business properly coming before the meeting.

WHO CAN VOTE: You are entitled to vote if you were a shareholder of record at the close of business on Monday, March 28, 2016.

VOTING: We urge you to participate in the meeting, either by attending and voting in person or by voting through other acceptable means as promptly as possible. You may vote by telephone, through the Internet or by mailing your completed and signed proxy card (or voting instruction form, if you hold your shares through a broker, bank or other nominee). Each share is entitled to one vote on each matter to be voted upon at the annual meeting. Your vote is important and we urge you to vote.

MEETING ADMISSION:	If you plan to attend the meeting, you must request an admission ticket in advance. To request an admission ticket, please follow the instructions on page 9 in response to Question 16 of the accompanying Proxy Statement.
2015 ANNUAL REPORT:	A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 accompanies this Proxy Statement.
DATE OF DISTRIBUTION:	This Notice, the Proxy Statement and proxy card are first being made available or mailed to shareholders on or about April 7, 2016.

By Order of the Board of Directors,

W. Hildebrandt Surgner, Jr.
Corporate Secretary

April 7, 2016

Richmond, Virginia

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 19, 2016

The Company s Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K

for the fiscal year ended December 31, 2015 are available, free of charge, at www.altria.com/proxy.

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PROXY STATEMENT SUMMARY

This summary highlights information about Altria Group, Inc. (the Company, Altria, we, our or us) and certain information contained elsewhere in this proxy statement (Proxy Statement) for Altria s 2016 Annual Meeting of Shareholders (the 2016 Annual Meeting or the meeting). This summary does not contain all of the information that you should consider in voting your shares. You should read the entire Proxy Statement carefully before voting.

VOTING MATTERS AND BOARD RECOMMENDATIONS

Proposal		Board Vote Recommendation	Page Reference
Proposal 1	Election of Directors	FOR each nominee	56
Proposal 2	Ratification of the Selection of Independent Registered Public Accounting Firm	FOR	62
Proposal 3	Non-Binding Advisory Vote to Approve the Compensation of the Company s Named Executive Officers	FOR	63
Proposal 4	Shareholder Proposal Regarding a Report on Tobacco Product Constituents and Ingredients and Their Potential Health Consequences	AGAINST	64
Proposal 5	Shareholder Proposal Regarding Participation in Mediation of Any Alleged Human Rights Violations Involving Altria s Operations	AGAINST	66

CASTING YOUR VOTE

	How to Vote	Shareholders of Record (Shares registered in your name with Altria s transfer agent, Computershare) and Employee Benefit Plan Participants	Street Name Holders (Shares held through a Broker, Bank or Other Nominee)
Internet	Visit the applicable voting website:	www.investorvote.com/altria	www.proxyvote.com
Mobile Device	Scan the QR Code to vote using your mobile device:		Refer to voting instruction form.
Telephone	Within the United States, U.S. Territories and Canada, call toll-free:	1-800-652-VOTE (8683)	Refer to voting instruction form.
Mail	Complete, sign and mail your proxy card or voting instruction form in the self-addressed envelope provided.		
In Person	For instructions on attending the 2016 Annual Meeting in person, please see Question 16 on page 9.		

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PROXY STATEMENT SUMMARY

BOARD NOMINEES

You are being asked to vote on the following 11 nominees for director. All directors are elected annually by a majority of the votes cast. Information about each director s experiences, qualifications and skills can be found beginning on page 56.

Name	Age	Director Since	Principal Occupation	Independent	Board Committee Membership*
Gerald L. Baliles	75	2008	Retired Director and Chief Executive Officer, Miller Center of Public Affairs	Yes	CC, EC, IC, NC
Martin J. Barrington	62	2012	Chairman, Chief Executive Officer and President, Altria Group, Inc.	No	EC
John T. Casteen III	72	2010	President Emeritus, University of Virginia	Yes	AC, IC, NC
Dinyar S. Devitre	68	2008	Special Advisor, General Atlantic LLC	Yes	FC, IC
Thomas F. Farrell II	61	2008		Yes	CC, EC, NC

			Chairman, President and Chief Executive Officer, Dominion Resources, Inc.		
Thomas W. Jones	66	2002	Senior Partner, TWJ Capital LLC	Yes	AC, CC, EC, FC
Debra J. Kelly-Ennis	59	2013	Retired President and Chief Executive Officer, Diageo Canada, Inc.	Yes	AC, IC, NC
W. Leo Kiely III	69	2011	Retired Chief Executive Officer, MillerCoors LLC	Yes	CC, EC, FC, IC
Kathryn B. McQuade	59	2012	Retired Executive Vice President and Chief Financial Officer, Canadian Pacific Railway Limited	Yes	AC, CC, FC
George Muñoz	64	2004	Principal, Muñoz Investment Banking Group, LLC and Partner, Tobin & Muñoz	Yes	AC, EC, FC, NC
Nabil Y. Sakkab	68	2008	Retired Senior Vice President, Corporate Research and Development, The Procter & Gamble Company	Yes	EC, FC, IC, NC

* AC Audit Committee	EC Executive Committee	IC Innovation Committee
CC Compensation Committee	FC Finance Committee	NC Nominating, Corporate Governance & Social Responsibility Committee

CORPORATE GOVERNANCE HIGHLIGHTS

- Annual election of directors
- Proxy access right
- Directors elected by majority voting
- 10 of our 11 director nominees are independent
- Resignation policy for directors in failed elections
- Director retirement guidelines
- Independent presiding director
- All NYSE-required Board committees consist solely of independent directors
- Regular executive sessions of independent directors
- Over 90% average Board and Committee meeting attendance in 2015
- Annual Board and Committee self-evaluations
- Comprehensive new director orientation
- Ongoing director education programs
- Comprehensive Code of Conduct and Corporate Governance Guidelines
- No shareholder rights plan or poison pill
- Robust political activity disclosure and compliance program
- Board participation in executive succession planning
- Strong pay-for-performance philosophy
- Compensation clawback policy

- Stock ownership guidelines for directors and executive officers
- Policy prohibiting hedging of our shares

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PROXY ACCESS

Understanding that many shareholders view proxy access as an important issue, we conducted outreach with various stakeholders as we thoughtfully considered the issue. In December 2015, our Board adopted a proxy access bylaw reflecting its commitment to strong corporate governance and acknowledging the important role our shareholders play in Altria s corporate governance process. The bylaw allows a shareholder or group of shareholders to include in our annual meeting proxy materials director candidates that they have nominated. The proxy access bylaw provides, among other things, that a shareholder or group of up to 20 shareholders owning 3% or more of our outstanding common stock continuously for at least the previous three years may seek to include director candidates in our annual meeting proxy materials. These shareholders may nominate the greater of two or up to 20% of the number of directors then serving on the Board. Please refer to our By-Laws for additional requirements relating to proxy access.

SHAREHOLDER ENGAGEMENT

We value our shareholders perspective on our businesses and each year interact with shareholders through numerous engagement activities. In 2015, these included our investor day, three investor road shows, five investor conferences, individual investor meetings and our 2015 Annual Meeting of Shareholders (2015 Annual Meeting). Our Investor Relations department is the contact point for shareholder interaction with the Company. Shareholders may also access investor information about the Company through our website at www.altria.com/investors. For questions concerning Investor Relations, please call 804-484-8222 or e-mail us from the Contact Us section available on our website (www.altria.com/ContactUs).

2015 BUSINESS HIGHLIGHTS

Altria delivered yet another year of excellent business results and outstanding returns for its shareholders in 2015. Highlights from 2015 include the following:

- Altria s total shareholder return (TSR) of 23.1% far outpaced Altria s Peer Group, the S&P Food, Beverage & Tobacco Index and the S&P 500 Index, marking the third consecutive year that TSR has exceeded 20%.

Source:	Bloomberg Daily Return (December 31, 2014 - December 31, 2015)	Source:	Bloomberg Daily Return (December 31, 2012 - December 31, 2015)
Note:	Assumes reinvestment of dividends as of the ex-dividend date.	Note:	Assumes reinvestment of dividends as of the ex-

dividend date.

- Altria continued to deliver against our two long-term financial goals of growing adjusted diluted earnings per share (EPS[2]) at an average annual rate of 7% to 9%, and maintaining a target dividend payout ratio of approximately 80% of adjusted diluted EPS.

(1) For 2015, Altria s Peer Group included The Kraft Heinz Company in addition to the other companies identified in the 2015 Altria Peer Group table on page 36.

(2) Adjusted diluted EPS is a financial measure that is not consistent with generally accepted accounting principles in the United States (GAAP). See Annex A to this Proxy Statement for information regarding non-GAAP financial measures used in this Proxy Statement and reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures.

PROXY STATEMENT SUMMARY

- Full-year adjusted diluted EPS, which excludes the impact of special items, grew 8.9% in line with our long-term adjusted diluted EPS growth objectives.
- Altria paid nearly $4.2 billion in dividends in 2015, consistent with our goal of paying out approximately 80% of adjusted diluted EPS.
- In August 2015, Altria s Board of Directors increased the regular quarterly dividend by 8.7%, which was Altria s 49th dividend increase in the last 46 years.
- Also, during 2015, Altria purchased 10.7 million shares of its common stock at an average price of $51.83 for a total cost of approximately $554 million.

- Altria s core businesses generated impressive and consistent income growth during the year behind the strength of their premium brands.
  - The smokeable products segment grew adjusted operating companies income (OCI[3]) by 10.9%, and Philip Morris USA Inc. (PM USA) grew the retail share of *Marlboro* by 0.2 share points to 44.0%.
  - The smokeless products segment grew adjusted OCI by 4.9% and U.S. Smokeless Tobacco Company LLC (USSTC) grew the combined retail share of *Copenhagen* and *Skoal* by 0.3 share points to 51.3%.
  - Ste. Michelle Wine Estates Ltd. (Ste. Michelle) grew adjusted OCI by 13.4% and is one of the fastest growing premium wine companies in the United States.

- In November 2015, Anheuser-Busch InBev SA/NV (AB InBev) and SABMiller plc (SABMiller) jointly announced that they had reached an agreement on the terms of AB InBev s offer to effect a business combination with SABMiller. If the transaction is completed, Altria expects to receive an approximate 10.5% stake in the new, combined company and approximately $2.5 billion in pre-tax cash, have two seats on the new company s board of directors, continue the use of equity accounting for the asset s contribution to Altria s earnings and achieve continued tax efficiency. [4]

(3) Adjusted OCI is a financial measure that is not consistent with GAAP. See Annex A to this Proxy Statement for information regarding non-GAAP financial measures used in this Proxy Statement and reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures.

(4) Certain anticipated benefits are subject to proration, as described in our 2015 Annual Report on Form 10-K.

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For more information regarding Altria s 2015 performance, please review our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (2015 Annual Report on Form 10-K).

COMPENSATION PROGRAM HIGHLIGHTS

¡ Annual incentive awards for the executive officers named in the Summary Compensation Table on page 43 (named executive officers or NEOs) reflect Altria s excellent 2015 business performance and are consistent with or slightly higher than last year s awards. Stock awards reflected in the Summary Compensation Table were granted in January 2015 and reflect 2014 performance.

¡ At the 2015 Annual Meeting:

  ¡ 96% of the votes cast approved, on an advisory basis, the compensation of our NEOs, demonstrating strong alignment of shareholder interests with our executive compensation program and philosophy; and

  ¡ 95% of the votes cast approved our new five-year 2015 Performance Incentive Plan, which includes changes from the prior plan that we believe reflect good governance practices and further align our executive compensation program with shareholder interests. For more information on the changes, please see page 62 of the proxy statement for our 2015 Annual Meeting (2015 Proxy Statement).

Key Governance Features of Our Executive Compensation Program

The following summary highlights our commitment to executive compensation practices that align the interests of our executives and shareholders:

What We Do		What We Don t Do	
ü	**Pay for Performance** - A significant portion of our NEOs compensation is at-risk variable compensation.	û	**No Excessive Perquisites** - Perquisites represent less than 2% of our NEOs compensation.
ü	**Double-Trigger Change in Control** - Our shareholder-approved 2015 Performance Incentive	û	**No Individual Supplemental Executive Retirement Plans**

Plan includes a double-trigger change in control provision.

ü	**Multiple Performance Metrics** - Variable compensation is based on more than one measure to encourage balanced incentives.	û	**No Hedging** - Our policy prohibits our executive officers from engaging in hedging activities with Altria stock.
ü	**Stock Ownership Guidelines** - All NEOs exceed Altria s robust stock ownership requirements.	û	**No Pledging** - Our NEOs do not pledge their Altria shares.
ü	**Clawback Provisions** - Our policy provides for the adjustment or recovery of compensation in certain circumstances.	û	**No Employment Agreements** - All of our NEOs are employed on an at-will basis.
ü	**Award Caps** - All our variable compensation plans have caps on plan formulas.	û	**No Tax Gross-Ups**
ü	**Below Average Share Utilization** - The Company has below average run rates for equity compensation, as compared to S&P 500 companies.	û	**No Share Recycling**
ü	**Tally Sheets** - The Compensation Committee reviews compensation tally sheets at least annually as part of making individual compensation decisions for our NEOs.		
ü	**Confidentiality & Non-Compete Agreements** - All NEOs are subject to confidentiality and non-compete agreements.		

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QUESTIONS AND ANSWERS ABOUT THE 2016 ANNUAL MEETING AND VOTING

QUESTIONS AND ANSWERS

ABOUT THE 2016 ANNUAL MEETING AND VOTING

1. WHY DID I RECEIVE THESE PROXY MATERIALS?

Our Board of Directors (Board of Directors or Board) is furnishing to you this Proxy Statement to solicit proxies on its behalf to be voted at the 2016 Annual Meeting on May 19, 2016 at 9:00 a.m., Eastern Time, at the Greater Richmond Convention Center, 403 North 3rd Street, Richmond, Virginia 23219. The proxies also may be voted at any adjournments or postponements of the meeting.

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 completion of voting at the meeting.

2. 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.

The Board of Directors has designated Martin J. Barrington and Denise F. Keane as proxies for the 2016 Annual Meeting.

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

The record date for the 2016 Annual Meeting is March 28, 2016 (the record date). The record date was established by the Board of Directors as required by Virginia law. Only shareholders of record 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.

Each shareholder of record on the record date is entitled to one vote for each share of common stock held. On the record date, there were 1,956,882,046 shares of common stock outstanding.

4. WHAT IS THE DIFFERENCE BETWEEN A SHAREHOLDER OF RECORD AND A SHAREHOLDER 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, Computershare Trust Company, N.A., you are a shareholder of record.

If your shares of stock are held for you in the name of your broker, bank or other nominee, your shares are held in street name. The answer to Question 12 describes brokers discretionary voting authority and when your broker, bank or

other nominee is permitted to vote your shares of stock without instructions from you.

It is important that you vote your shares if you are a shareholder of record and, if you hold shares in street name, that you provide appropriate voting instructions to your broker, bank or other nominee as discussed in the answer to Question 12.

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

By Telephone or Internet: All shareholders of record may vote their shares of common stock by telephone (within the United States, U.S. territories and Canada, there is no charge for the call) or by the Internet, using the procedures and instructions described on the proxy card and other enclosures. Street name holders may vote by telephone or the Internet if their brokers, banks or other nominees make those methods available. If that is the case, each broker, bank or other nominee will enclose instructions with the Proxy Statement. The telephone and Internet voting procedures, including the use of control numbers, are designed to authenticate shareholders identities, to allow shareholders to vote their shares and to confirm that their instructions have been properly recorded.

In Writing: All shareholders also may vote by mailing their completed and signed proxy card (in the case of shareholders of record) or their completed and signed voting instruction form (in the case of street name holders).

In Person: All shareholders of record may vote in person at the meeting. Street name holders must obtain a legal proxy from their broker, bank or other nominee and bring the legal proxy to the meeting in order to vote in person at the meeting.

See also Proxy Statement Summary Casting Your Vote on page 1.

6. WHAT ITEMS WILL BE VOTED ON AT THE 2016 ANNUAL MEETING?

Proposal	**Voting Choices, Board Recommendation and Voting Requirement**
Proposal 1 Election of Directors (pages 56 61)	Voting Choices Vote for a nominee; Vote against a nominee; or Abstain from voting on a nominee. Board Recommendation **The Board recommends a vote FOR each of the nominees named in the Proxy Statement.** Voting Requirement Directors will be elected by a majority of the votes cast. A majority of the votes cast means that the number of votes FOR a 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 is required to offer promptly in writing to submit his or her resignation to the Board in accordance with the Company s Corporate Governance Guidelines. The Nominating, Corporate Governance and Social Responsibility Committee will consider the offer and recommend to the Board whether to accept 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.
Proposal 2 Ratification of the Selection of Independent Registered Public Accounting Firm (page 62)	Voting Choices Vote for the ratification; Vote against the ratification; or Abstain from voting. Board Recommendation **The Board recommends a vote FOR this proposal.** Voting Requirement The selection of the independent registered public accounting firm will be ratified if the votes cast FOR exceed the votes cast AGAINST.
Proposal 3 Non-Binding Advisory Vote to Approve the Compensation of the Company s Named Executive Officers (page 63)	Voting Choices Vote for the compensation of the Company s named executive officers; Vote against the compensation of the Company s named executive officers; or Abstain from voting. Board Recommendation **The Board recommends a vote FOR this proposal.** Voting Requirement The compensation of the Company s named executive officers will be approved on an advisory basis if the votes cast FOR exceed the votes cast AGAINST.

This vote is not binding upon the Company, the Board or the Compensation Committee. Nevertheless, the Compensation Committee values the opinions expressed by shareholders through their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for the Company s named executive officers.

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QUESTIONS AND ANSWERS ABOUT THE 2016 ANNUAL MEETING AND VOTING

Proposal	Voting Choices, Board Recommendation and Voting Requirement
Proposal 4 Shareholder Proposal Regarding a Report on Tobacco Product Constituents and Ingredients and Their Potential Health Consequences (pages 64 65)	Voting Choices Vote for the proposal; Vote against the proposal; or Abstain from voting. Board Recommendation **The Board recommends a vote AGAINST this shareholder proposal.** Voting Requirement The shareholder proposal will be approved if the votes cast FOR exceed the votes cast AGAINST.
Proposal 5 Shareholder Proposal Regarding Participation in Mediation of Any Alleged Human Rights Violations	Voting Choices Vote for the proposal; Vote against the proposal; or Abstain from voting. Board Recommendation **The Board recommends a vote AGAINST this shareholder proposal.**

Involving Altria s Operations (pages 66 67)	Voting Requirement
	The shareholder proposal will be approved if the votes cast FOR exceed the votes cast AGAINST.

7. ARE VOTES CONFIDENTIAL?

It is our long-standing practice to hold the votes of each shareholder 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 the case of a contested proxy solicitation;

(c) if a shareholder makes a written comment on the proxy card or otherwise communicates his or her vote to the Company; or (d) to allow the independent inspectors of election to certify the results of the vote.

8. WHO COUNTS THE VOTES?

As we have for many years, we retain an independent tabulator to receive and tabulate the proxies and appoint

independent inspectors of election to certify the results.

9. WHAT IF I DO NOT SPECIFY A CHOICE FOR A MATTER WHEN RETURNING A PROXY?

Shareholders should specify their voting choice for each matter on the accompanying proxy. If you sign and return your proxy, yet you do not make a specific choice for one or more matters, unvoted matters will be voted FOR the election of each of the nominees for director, FOR the proposal to ratify the selection of PricewaterhouseCoopers

LLP (PricewaterhouseCoopers), FOR the non-binding advisory vote to approve the compensation of the Company s named executive officers and AGAINST each of the two shareholder proposals, as applicable.

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

The proxy card includes your dividend reinvestment plan shares.

The answer to Question 5 above explains how you can vote.

11. 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 represented by each proxy card.* We recommend that you contact your broker 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. Computershare s address is P.O. Box 43078, Providence, Rhode Island 02940-3078; 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).

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QUESTIONS AND ANSWERS ABOUT THE 2016 ANNUAL MEETING AND VOTING

12. WILL MY SHARES BE VOTED IF I DO NOT PROVIDE MY PROXY OR VOTING INSTRUCTIONS?

Shareholders of Record: If you are a shareholder of record (see Question 4), your shares will not be voted if you do not provide your proxy unless you vote in person at the meeting. *It is, therefore, important that you vote your shares.*

Street Name Holders: If your shares are held in street name (see Question 4) and you do not provide your voting instructions to your bank, broker or other nominee, your shares may be voted by your broker, bank or other nominee but *only* under certain circumstances. Specifically, under the New York Stock Exchange (NYSE) rules, shares held in the name of your broker, bank or other nominee may be voted by your broker, bank or other nominee on certain routine matters if you do not provide voting instructions.

Only the ratification of the selection of PricewaterhouseCoopers as the Company s independent registered public accounting firm is considered a routine matter for which brokers, banks or other nominees may vote uninstructed shares. The other proposals to be voted on at the meeting are not considered routine under NYSE rules, so the broker, bank or other nominee cannot vote your shares on any of these other proposals unless you provide to the broker, bank or other nominee voting instructions for each of these matters. If you do not provide voting instructions on a non-routine matter, your shares will not be voted on that matter, which is referred to as a broker non-vote. *It is, therefore, important that you vote your shares.*

13. ARE ABSTENTIONS AND BROKER NON-VOTES COUNTED?

Abstentions and broker non-votes on one or more matters will not be considered votes cast and, therefore, will not affect the outcome of the vote on those matters at the 2016

Annual Meeting. Broker non-votes are described more particularly in Question 12 above.

14. HOW CAN I REVOKE A PROXY OR CHANGE MY VOTE?

If you are a shareholder of record, you can revoke a proxy or change your vote before 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.
If your shares are held in street name, you should follow the instructions provided by your broker, bank or other nominee to revoke or change your voting instructions.

15. WHO WILL PAY THE COST OF THIS PROXY SOLICITATION?

The cost of this solicitation of proxies will be paid by the Company. In addition to the use of the mail, some of the officers and regular employees of the Company or its subsidiaries may solicit proxies by telephone or e-mail and will request brokerage houses, banks and other custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of common stock held of record by such persons. The Company will reimburse such persons for

expenses incurred in forwarding such soliciting material. It is contemplated that additional solicitation of proxies will be made in the same manner under the engagement and direction of our proxy solicitor, D.F. King & Co., Inc., 48 Wall Street, New York, New York 10005, at an anticipated cost of $24,000, plus reimbursement of out-of-pocket expenses.

16. HOW DO I OBTAIN ADMISSION TO THE 2016 ANNUAL MEETING?

If you plan to attend the meeting, *you must request an admission ticket in advance*.

Please submit your request for an admission ticket by completing the Pre-Registration Form located on the last page of this Proxy Statement and submitting it, along with your proof of ownership as of the record date for the meeting (March 28, 2016), no later than May 13, 2016, using one of the means identified on the Pre-Registration Form.

If your shares are held for you in the name of your broker, bank or other nominee, please provide evidence of your stock ownership as of the record date for the meeting (such as your voting instruction form, a current letter from your broker, bank or other nominee or a photocopy of a brokerage or other account statement).

If you are a duly appointed proxy for a shareholder, you must provide proof of your appointment and proof of share ownership for the shareholder for whom you are a proxy.

You may bring only one immediate family member as a guest. All immediate family member guests must be 21 years of age or older. If you are a duly appointed proxy for a shareholder, you may not bring a guest.

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QUESTIONS AND ANSWERS ABOUT THE 2016 ANNUAL MEETING AND VOTING

All meeting attendees must present government-issued photo identification, such as a driver s license or passport, at the meeting.

The meeting facilities will open at 8:00 a.m., Eastern Time, to facilitate your registration and security clearance. For your 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, video and still cameras, pagers, laptops and other portable electronic devices will not be permitted into the meeting. We thank you in advance for your patience and cooperation with these rules.

17. MAY SHAREHOLDERS ASK QUESTIONS AT THE 2016 ANNUAL MEETING?

Yes. The Chairman will answer shareholders questions during the question and answer period of the meeting. In order to provide an opportunity for everyone who wishes to ask a question, each shareholder will be limited to two minutes. Shareholders may ask a second question if all

others have first had their turn and if time allows. When speaking, shareholders must direct questions to the Chairman and confine their questions to matters that relate directly to the business of the meeting.

18. HOW MANY VOTES MUST BE PRESENT TO HOLD THE 2016 ANNUAL MEETING?

In order for us to conduct the meeting, a majority of our outstanding shares of common stock as of the record date for the meeting (March 28, 2016), must be present in person or by proxy at the meeting. This is referred to as a quorum.

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.

Abstentions and shares of record held by a broker, bank or other nominee (broker shares) that are voted on any matter are also included in determining the number of shares present. Broker shares that are not voted on any matter will not be included in determining whether a quorum is present.

BOARD AND GOVERNANCE MATTERS

Board Responsibility

The primary responsibility of the Board of Directors is to foster the long-term success 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 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.

Board Meetings and Attendance

The Board holds regular meetings typically during the months of January, February, May, August, October and December, and holds special meetings when necessary. The Board s organizational meeting follows the annual meeting of shareholders. One of the meetings focuses significantly on reviewing the Company s strategic plan. The Board held nine meetings in 2015. The Board meets in executive session at every in-person Board meeting, which is followed by a session of only independent directors led by the Presiding Director. Directors are expected to attend Board meetings, meetings of the Committees on which they serve and the annual meeting of shareholders, with the understanding that on occasion a director may be unable to attend a meeting. During 2015, all nominees for director attended at least 90% of the aggregate number of meetings of the Board during their respective terms of service and of all Committees on which they served. In addition, all directors attended the 2015 Annual Meeting.

Board Composition

As of the date of this Proxy Statement, our Board consists of 11 directors. Directors are elected annually at each annual meeting to serve until the next annual meeting and until their successors are duly elected and qualified, subject to their earlier death, resignation or removal. The Board has adopted retirement guidelines that require a director who will have attained the age of 75 as of the date of the next annual meeting to tender his or her written resignation to the Board at least six months prior to such annual meeting. If the Board determines that continued service by the director is in the best interests of the Company, the Board has the discretion not to accept the resignation. As required under the retirement guidelines, Governor Baliles tendered his resignation to the Board in October 2015; after due consideration, the Board did not accept his resignation.

Each of the nominees currently serves as a director and was elected by the shareholders at the 2015 Annual Meeting. Biographical information and qualifications of the nominees for director are included under Proposal 1 Election of Directors on page 56.

We are committed to reviewing periodically our Board s composition to ensure that we continue to have the right mix of skills, background and tenure. The current composition of our Board is as follows:

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BOARD AND GOVERNANCE MATTERS

Our Board has a breadth of skills and experience. As detailed under Proposal 1 Election of Directors, we believe that our Board has demonstrated leadership in a variety of positions across various professions and industries. Our directors professional skills and experience include:

DIRECTOR SKILLS AND EXPERIENCE

¡ Consumer goods experience	¡ Public policy expertise
¡ Regulated industries experience	¡ Public company board experience
¡ Chief executive officer experience	¡ Leadership in innovation
¡ Financial expertise, including chief financial officer experience	¡ Information technology/cybersecurity experience

Board Leadership Structure and Governance

The Board believes that it is important to retain the flexibility to allocate the responsibilities of the Chairman of the Board (the Chairman) and the Chief Executive Officer (CEO) in a way that it considers to be in the best interests of the Company. After due consideration by the Nominating, Corporate Governance and Social Responsibility Committee and the Board, the Board has concluded that presently combining the roles of Chairman and CEO is in

RESPONSIBILITIES OF OUR PRESIDING DIRECTOR

the best interests of the Company. The Company s Mission is to own and develop financially disciplined businesses that are leaders in responsibly providing adult tobacco and wine consumers with superior branded products. The Board believes that the combination of the roles of Chairman and CEO promotes the pursuit of the Company s Mission by allowing the senior-most executive with accountability for the Company s day-to-day operations and execution of the Company s strategic plan, who also possesses significant business, regulatory and industry knowledge, to set Board meeting agendas (in consultation with the Presiding Director), to lead the related discussions and to communicate with one voice to employees, shareholders and other stakeholders. The Board considers this effective and efficient structure to be particularly appropriate for the Company given the unique challenges that the Company has faced and continues to face in its businesses, particularly domestic tobacco, and the enhanced regulatory environment.

The Board s strict adherence to sound corporate governance practices, as reflected in the Company s Corporate Governance Guidelines, has promoted, and continues to promote, the effective and independent exercise of Board leadership for the Company and its shareholders. The Company has a strong and experienced independent Presiding Director who, in discharging his responsibilities, promotes dialogue among independent members of the Board and directly, clearly and regularly communicates the views of the Board to management. Moreover, our independent directors convene at each Board meeting in an executive session led by the Presiding Director.

- Preside over executive sessions of the independent directors and at all meetings at which the Chairman is not present
- Call meetings of the independent directors as he or she deems necessary
- Serve as a liaison between the Chairman and the independent directors
- Together with the Chairman, approve agendas for Board meetings
- Advise the Chairman of the Board s informational needs and, where appropriate, approve information sent to the Board
- Together with the Chair of the Compensation Committee, communicate goals and objectives to the Chairman and CEO and the results of the evaluation of his performance
- Be available for consultation and communication if requested by major shareholders

Board and Committee Self-Evaluations

The Board assesses annually the effectiveness of the Board and its Committees (Committees) in advancing our Mission. The method for conducting the annual Board and Committee self-evaluations has consisted of interviews conducted by the Presiding Director, interviews conducted by the Chair of the Nominating, Corporate Governance and Social Responsibility Committee, third-party interviews and written surveys. More recently, the Board has determined that interviews by the Presiding Director or the Chair of the Nominating, Corporate Governance and Social Responsibility Committee is a highly effective method of conducting the self-evaluations. The Nominating, Corporate Governance and Social Responsibility Committee oversees the evaluation process, including determining the format, and presents to the Board the results of the self-evaluations to identify opportunities to enhance effectiveness. Self-evaluation topics generally include, among other matters, Board composition and structure, meeting topics and process, information flow, Board oversight of risk management and strategic planning, succession planning and access to management. The Board discusses the results of each annual self-evaluation and, as appropriate, implements enhancements and other modifications identified during the self-evaluation.

Advancement Planning and CEO Succession

The Board believes that senior executive advancement and succession is one of its most important responsibilities. The Compensation Committee is responsible for overseeing the development of executive succession plans and reviewing such plans, evaluating and making recommendations to the Board regarding potential candidates to become CEO, and evaluating and approving candidates to fill other senior executive positions. At least annually, the Chairman and CEO meets with the Compensation Committee and the Board to discuss CEO succession planning (including specific candidates). The Compensation Committee also considers the procedure for the timely and efficient transfer of CEO responsibilities in the event of an emergency or the sudden incapacitation, departure or death of the Chairman and CEO. The Chairman and CEO meets with the Compensation Committee at least annually to discuss the performance of key members of the Company s senior management. These matters are regularly communicated to the Board by the Chair of the Compensation Committee.

Governance Guidelines, Policies and Codes

The Board has adopted Corporate Governance Guidelines. In addition, the Board has adopted a Code of Business Conduct and Ethics for Directors (Director Code) that applies to our directors and 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. These documents are available on the Company s website at www.altria.com/governance. The Company has also adopted the Altria Code of Conduct (Code of Conduct) that applies to all of its employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. The Code of Conduct is available on the Company s website at www.altria.com/codeofconduct.

Information on, or that can be accessed through, 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 U.S. Securities and Exchange Commission (SEC).

Committees of the Board of Directors

The Board has established various standing Committees to assist it with the performance of its responsibilities. The Board designates the members of these Committees and the Committee Chairs annually at its organizational meeting following the annual meeting of shareholders, based on the recommendations of the Nominating, Corporate Governance and Social Responsibility Committee. The Chair of each Committee develops the agenda for that Committee and determines the frequency and length of Committee meetings. After each meeting, each Committee provides a full report to the Board.

The Board has adopted written charters for each of these Committees. These charters are available on the Company s website at www.altria.com/governance. The following table summarizes the primary responsibilities of the Committees:

Committee	**Primary Responsibilities**
Audit	The Audit Committee assists the Board in its oversight of (i) the integrity of 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 registered public accounting firm, (iii) the internal auditors and the internal audit function and (iv) the Company s compliance with legal and regulatory requirements. The Audit Committee also prepares the Audit Committee report that the rules of the SEC require the Company to include in its proxy statement. See pages 21 to 22 for further matters related to the Audit Committee, including its report for the year ended December 31, 2015.
Compensation	The Compensation Committee determines and approves CEO compensation and reviews and approves the compensation of the other executive officers, including salary, annual incentive awards and long-term incentive awards. The Compensation Committee also oversees the development of executive succession plans and evaluates and makes recommendations to the Board regarding potential CEO candidates. In addition, the Compensation Committee evaluates the design and effectiveness of the Company s incentive programs. See pages 23 to 24 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 26 through 42.
Executive	The Executive Committee has authority to act for the Board during intervals between Board meetings to the extent permitted by law.

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BOARD AND GOVERNANCE MATTERS

Committee	Primary Responsibilities
Finance	The Finance 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.
Innovation	The Innovation Committee assists the Board in its oversight of the strategic goals and objectives of the innovation programs of the Company s subsidiaries, which include innovation strategy, adult consumer research and marketplace insights, development and engineering programs and technological initiatives.
Nominating, Corporate Governance and Social Responsibility	The Nominating, Corporate Governance and Social Responsibility Committee identifies individuals qualified to become Board members consistent with the criteria established by the Board and described in the Company s Corporate Governance Guidelines, and recommends a slate of nominees for election at each annual meeting of shareholders; makes recommendations to the Board concerning the appropriate size, function, needs and composition of the Board and its Committees; reviews non-employee director compensation and recommends changes in compensation to the Board; advises the Board on corporate governance matters; 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.

The following table sets forth the current members of each of the Committees and the number of meetings held during 2015:

Name	Audit (1)	Compensation (2)	Executive	Finance	Innovation	Nominating, Corporate Governance and Social Responsibility (3)

Gerald L. Baliles*		ü	ü		ü	Chair
Martin J. Barrington			Chair			
John T. Casteen III*	ü				ü	ü
Dinyar S. Devitre*				ü	ü	
Thomas F. Farrell II* (4)		ü	ü			ü
Thomas W. Jones*	ü	ü	ü	Chair		
Debra J. Kelly-Ennis*	ü				ü	ü
W. Leo Kiely III*		Chair	ü	ü	ü	
Kathryn B. McQuade*	ü	ü		ü		

George Muñoz*	Chair		ü	ü		ü
Nabil Y. Sakkab*			ü	ü	Chair	ü
2015 Meetings	**7**	**5**	**0**	**5**	**4**	**4**

* Independent Director.

(1) 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 NYSE and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Board has determined that all members of the Audit Committee are financially literate and that George Muñoz is an audit committee financial expert within the meaning set forth in the regulations of the SEC.

(2) 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 NYSE; are non-employee directors for the purposes of Rule 16b-3 of the Exchange Act; and satisfy the requirements of Internal Revenue Code Section 162(m) for outside directors.

(3) 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 NYSE.

(4) Presiding Director.

The Board s Risk Oversight Role

The Board believes it has in place effective processes to identify and oversee the material risks facing the Company and its businesses and that these processes are consistent with, and provide additional support for, the current leadership structure of the Board. The Board, both acting as a full Board and through its Committees, plays an important oversight role in the Company s risk management processes. Regular Board and Committee meetings cover multiple days. Management from the Company and different Company subsidiaries and business functions attend each meeting. Board members also conduct periodic site visits to Company subsidiary locations both in and outside the Company s Richmond, Virginia headquarters. These meetings and site visits and, as appropriate, communications between Board meetings, allow the Board to discuss with management the operational risks facing the businesses of the Company s subsidiaries.

The Company conducts an enterprise risk management process to identify, prioritize and manage risks that have the potential to present the most significant obstacles to achieving business objectives. Management reports annually to the Board on this process.

The Board, directly or through its Committees, also oversees management of the following risk areas:

- *Legal and Regulatory Risk*: The Board, both directly and through the Audit Committee, receives regular updates on various legal and regulatory matters, including developments in litigation and developments related to U.S. Food and Drug Administration (FDA) regulation of certain of the Company s subsidiaries, thereby reviewing the Company s management of legal and regulatory risk. In addition, reports to the Audit Committee at each of its meetings by the Company s Chief Compliance Officer and corporate audit personnel provide insight into the Company s risk assessment and risk management policies and processes, including enterprise risk management.

- *Financial and Accounting Risk*: The Finance and Audit Committees oversee the Company s management of financial, accounting, internal controls and liquidity risks through interaction at each meeting with the Chief Financial Officer, management from the Company s financial, accounting, auditing and treasury functions (as appropriate) and, for the Audit Committee, representatives from the Company s independent registered public accounting firm.
- *Reputational and Governance Risk*: Through its interaction with business functions responsible for the Company s public policy and societal alignment activities and strategies, the Nominating, Corporate Governance and Social Responsibility Committee oversees the ways in which the Company manages reputational and public policy risk. The Nominating, Corporate Governance and Social Responsibility Committee also oversees risks related to Board organization, membership and structure and other corporate governance matters.

- *Executive Compensation Program Risk*: The Compensation Committee considers the extent to which the executive compensation program may create risk for the Company (see page 35 for a more detailed description).

- *Technology, Intellectual Property and Research and Product Development Risk*: The Innovation Committee oversees the Company s management of the risks associated with technology, research and product development, including intellectual property. The Audit Committee oversees the Company s information technology security program.

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BOARD AND GOVERNANCE MATTERS

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 shareholders.

In identifying potential candidates for Board membership, the Committee relies on suggestions and recommendations from directors, shareholders, management and others, including from time to time executive search and board advisory firms. The Committee does not distinguish between nominees recommended by shareholders and other nominees. Shareholders wishing to suggest candidates to the Nominating, Corporate Governance and Social Responsibility Committee for consideration as directors must submit a written notice to the Corporate Secretary of the Company following the procedures set forth in this Proxy Statement under Questions and Answers about Communications, Company Documents and Shareholder Proposals How Do I Communicate with the Board of Directors? on page 71. The Company s By-Laws set forth the procedures that a shareholder must follow to nominate directors. The procedures are summarized under the same section in response to the question How Can a Shareholder Nominate a Director or Submit a Proposal for Next Year s Annual Meeting? on page 71.

Director Qualifications and Board Diversity

In reviewing nominee candidates, the Nominating, Corporate Governance and Social Responsibility Committee follows the process described above and, in so doing, considers both (i) the Company s Mission to own and develop financially disciplined businesses that are leaders in responsibly providing adult tobacco and wine consumers with superior branded products and (ii) its four related Mission goals invest in leadership; align with society; satisfy adult consumers; and create substantial value for shareholders. The Committee has not established any specific minimum qualification standards for nominees to the Board; rather, in evaluating the suitability of individuals for Board membership, the Committee considers the ways in which it believes each nominee can assist the Company in pursuing its Mission and advancing one or more Mission goals.

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 continue the Company s success and represent shareholder interests through the exercise of sound judgment. The Committee takes into account many

EVALUATING BOARD DIVERSITY

The Company is committed to diversity, as reflected in its Mission goals, its Code of Conduct, its leadership development system and various other Company policies.

The Nominating, Corporate Governance and Social Responsibility Committee has a long-standing commitment to factors, including whether the individual meets requirements for independence and whether the individual will enhance the diversity of views and experiences available to the Board in its deliberations. 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. In addition, the Committee considers whether the Board has specific needs for certain skills or attributes at a given time (for example, financial or chief executive officer experience). Other criteria for Board membership are set forth in the Company s Corporate Governance Guidelines.

Under Proposal 1 Election of Directors, we provide an overview of each nominee s principal occupation, business experience and other directorships, together with the key attributes, experience and skills considered by the Committee and the Board as being particularly meaningful in pursuing the Company s Mission and advancing one or more Mission goals.

diversity, rather than a formal diversity policy, and is guided by the Company s diversity philosophy in its review and consideration of potential director nominees. In this regard, the Board and the Committee view diversity holistically. As set forth in the Company s Corporate Governance Guidelines, the Board and the Committee consider:

¡ whether the individual meets the 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 experiences.

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Director Independence Determinations

Under the listing standards of the NYSE, the Board must consist of a majority of independent directors. In making independence determinations, the Board observes NYSE and SEC criteria and considers all relevant facts and circumstances. The Board has also adopted categorical standards of director independence to further assist it in making these determinations. These standards are set forth in Annex A of the Company s Corporate Governance Guidelines, which are available on the Company s website at www.altria.com/governance.

On the recommendation of the Nominating, Corporate Governance and Social Responsibility Committee, the Board has affirmatively determined that each of the following nominees is independent in that such nominee has no material relationship with the Company: Gerald L. Baliles, John T. Casteen III, Dinyar S. Devitre, Thomas F. Farrell II, Thomas W. Jones, Debra J. Kelly-Ennis, W. Leo Kiely III, Kathryn B. McQuade, George Muñoz and Nabil Y. Sakkab. In making its recommendation to the Board, the Committee considered the following business relationships and transactions:

Business Relationships and Transactions Considered

Mr. Farrell is the Chief Executive Officer of Dominion Resources, Inc. (Dominion). A subsidiary of Dominion is a regulated public utility with which the Company or its subsidiaries has a commercial relationship for energy procurement. Amounts paid by the Company or its subsidiaries are set at rates fixed in accordance with the applicable regulatory authority. A Company subsidiary has an agreement with the same utility under which the Company subsidiary receives nominal payments in connection with a solar energy program overseen and approved by the same regulatory authority. The terms of the agreement are comparable to those the utility offers to other third parties. Mr. Farrell is neither responsible for, nor involved in, the utility s dealings with the Company or its subsidiaries, nor does Mr. Farrell materially benefit directly or indirectly from this relationship.

In July 2012, the Company and the Economic Development Authority of the City of Richmond (EDA) entered into an agreement concerning the renovation of the historic Landmark Theater in Richmond, Virginia. Under the agreement, the Company acquired from the EDA the naming rights to the theater for a 20-year period for $10 million payable to the EDA over five years. The agreement reflects the Company s long-standing commitment to supporting cultural venues located in and around its communities. Messrs. Farrell and Barrington are non-employee directors of Richmond Performing Arts Center L.L.L.P., the entity responsible for overseeing various performing arts venues in the City of Richmond, including the Altria Theater (previously the Landmark Theater), for the benefit of the Richmond community. Neither Mr. Farrell nor Mr. Barrington materially benefits directly or indirectly from this relationship.

Mr. Devitre is a non-executive director of SABMiller, an entity in which the Company held approximately 27% of the economic and voting interest at December 31, 2015. Mr. Devitre serves at the Company s request as a non-executive member of SABMiller s 15-member Board of Directors in accordance with the Amended and Restated Relationship Agreement between the Company and SABMiller. Mr. Devitre s compensation for his SABMiller board service is limited to director fees paid by SABMiller. Mr. Devitre does not materially benefit directly or indirectly from this relationship.

The Company or its subsidiaries from time to time do business in the ordinary course on terms comparable to those provided to unrelated third parties with entities where Mr. Farrell, Ms. Kelly-Ennis and Mr. Muñoz serve as non-executive directors or where immediate family members (as defined in the Company s Policy on Related Person Transactions, which is discussed in Related Person Transactions and Code of Conduct on page 70) of Mr. Casteen, Mr. Devitre, Mr. Farrell, Mr. Kiely and Dr. Sakkab are employed in non-executive officer capacities. In each case, neither the director nor the immediate family member is responsible for, or involved in, the entity s day-to-day dealings with the Company or its subsidiaries, and the respective payments made by the Company or its subsidiaries to the entities in the last three fiscal years were significantly less than the greater of $1 million or 2% of any such entity s consolidated gross revenues. None of Mr. Casteen, Mr. Devitre, Mr. Farrell, Ms. Kelly-Ennis, Mr. Kiely, Mr. Muñoz or Dr. Sakkab, or their respective immediate family members, materially benefits directly or indirectly from these relationships.

The Committee has determined that the foregoing business relationships and transactions did not affect the independence of any nominee for director.

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BOARD AND GOVERNANCE MATTERS

In making its recommendation to the Board, the Committee also considered the following philanthropic relationships and transactions between the Company and its subsidiaries and various educational and other charitable entities located in or near the locations of Company or Company subsidiary facilities. The Company believes that corporate philanthropy furthers its Mission goal of investing in leadership, which includes investing meaningfully in the communities in which our employees live and work with the objective of making those communities leading environments where our businesses can succeed. In some cases, these relationships date back for many decades.

Philanthropic Relationships and Transactions Considered

The Company and the University of Virginia (the University) have a long-standing relationship that has included employment recruiting and charitable donations. In 2015, the Company or its subsidiaries made certain charitable donations to the University in an aggregate amount of $1,428,334, with the significant majority supporting the University s Youth-Nex Center that promotes positive youth development and scholarships. These donations also included contributions under the Company s Matching Gift Program, which is discussed on page 19. In addition, the Company made ordinary course trade payments to the University in the aggregate amount of $259,407. The sum of these 2015 contributions and payments represent significantly less than 2% of the University s consolidated gross revenues. Mr. Casteen is a former President of the University. He now serves as President Emeritus of the University. Mr. Casteen s daughter-in-law, Laura Casteen, is employed by the University as an Associate Dean. Neither Mr. Casteen nor his daughter-in-law materially benefits directly or indirectly from this relationship.

The Company also has long-standing relationships with other educational and charitable organizations in the Richmond, Virginia region, where the Company and several of its subsidiaries are headquartered and employ approximately 3,800 people. In 2015, the Company made contributions to the following Richmond area educational and charitable organizations that exceeded $150,000:

- $472,950 to Virginia Commonwealth University in support of various academic programs and scholarships; and
- $700,000 to the Virginia Museum of Fine Arts in support of exhibitions.

Mr. Farrell served as a non-employee trustee of Virginia Commonwealth University until June 2015. He is no longer affiliated with the institution. Messrs. Farrell and Barrington are non-employee trustees of the Virginia Museum of Fine Arts. The contributions identified above did not in any case exceed the greater of $1 million or 2% of any such entity s consolidated gross revenues. Neither Mr. Farrell nor Mr. Barrington materially benefits directly or indirectly from these contributions.

In addition, the Company makes various grants and charitable contributions, including matching gifts under the Company s Matching Gift Program, to entities where Governor Baliles, Mr. Casteen, Mr. Farrell, Ms. Kelly-Ennis, Mr. Kiely, Ms. McQuade and Mr. Muñoz and immediate family members of Governor Baliles, Mr. Casteen, Mr. Farrell, Mr. Jones, Mr. Kiely and Ms. McQuade serve as non-executive directors or trustees or non-executive employees. A substantial majority of these grants and contributions was made to non-profit entities that serve the communities in which the Company and its subsidiaries operate and to non-profit educational programs and institutions located in and around these communities. In each case, payments by the Company in the last three fiscal years were significantly less than the greater of $1 million or 2% of any such entity s consolidated gross revenues. None of Governor Baliles, Mr. Casteen, Mr. Farrell, Mr. Jones, Ms. Kelly-Ennis, Mr. Kiely, Ms. McQuade or Mr. Muñoz, or their respective immediate family members, materially benefits directly or indirectly from these contributions.

The Committee has determined that the foregoing philanthropic relationships and transactions did not affect the independence of any nominee for director.

Director Compensation

The Company s philosophy is to provide competitive compensation 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 shareholders. Directors who are employees of the Company (currently, only Mr. Barrington) receive no additional compensation for service as a director.

The Nominating, Corporate Governance and Social Responsibility Committee periodically reviews the competitiveness of director compensation (taking into account the Company s Compensation Survey Group described on page 35), considers the appropriateness of the form, mix and amount of director compensation and makes recommendations to the Board concerning such compensation with a view toward attracting and retaining qualified directors.

In 2015, the non-employee directors compensation consisted of cash retainers and an equity award in the form of fully vested shares of Altria common stock. The following table presents the 2015 components of compensation for our non-employee directors:

Type of Compensation	**Amount ($)**
Annual Cash Board Retainer [1]	100,000
Annual Cash Retainer for Presiding Director	20,000
Annual Cash Retainer for Committee Chairs	

Audit	20,000
Compensation	20,000
Finance	10,000
Innovation	10,000
Nominating, Corporate Governance and Social Responsibility	10,000
Annual Cash Membership Retainer for each member of each committee above	5,000
Annual Equity Award	175,000

(1) The Annual Cash Board Retainer is paid in quarterly installments.

A non-employee director may elect to defer all or part of the award of shares of common stock and all or part of his or her retainers. Pursuant to the Deferred Fee Plan for Non-Employee Directors, deferred retainers are credited to an unfunded bookkeeping account and may be invested in various investment choices, including an Altria common stock equivalent account. These investment choices parallel the investment options offered under the Deferred Profit-Sharing Plan for Salaried Employees and determine the earnings that are credited for bookkeeping purposes to a non-employee director s account. The non-employee director will receive deferred awards of common stock and cash distributions of deferred retainers either prior to or following termination of service from the Board, as elected by the non-employee director.

In addition to cash payments and stock awards, non-employee directors are covered under the Company s Business Travel Accident Insurance Plan, which is available generally to all employees of the Company.

Non-employee directors may also participate in the Company s Matching Gift Program. This program is available to all employees and non-employee directors. The Company will match eligible donations of a minimum of $25 up to $30,000 per year per employee or non-employee director on a dollar-for-dollar basis to eligible non-profit organizations. In 2015, the following non-employee directors participated in this program: Governor Baliles, Mr. Casteen, Mr. Devitre, Mr. Jones, Ms. Kelly-Ennis, Mr. Kiely, Ms. McQuade and Mr. Muñoz. The aggregate amount of matching payments for these eight directors in 2015 was $177,879.

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BOARD AND GOVERNANCE MATTERS

The following table presents the compensation received by the non-employee directors for service as directors in fiscal year 2015:

Non-Employee Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) [1] [2]	All Other Compensation ($) [3]	Total ($)
Gerald L. Baliles	125,000	175,029	12,544	312,573
John T. Casteen III	115,000	175,029	18,000	308,029
Dinyar S. Devitre	110,000	175,029	30,000	315,029
Thomas F. Farrell II	130,000	175,029	0	305,029
Thomas W. Jones	125,000	175,029	29,335	329,364
Debra J. Kelly-Ennis	115,000	175,029	10,000	300,029

W. Leo Kiely III	135,000	175,029	30,000	340,029
Kathryn B. McQuade	115,000	175,029	47,000	337,029
George Muñoz	135,000	175,029	1,000	311,029
Nabil Y. Sakkab	125,000	175,029	0	300,029

(1) Pursuant to the Stock Compensation Plan for Non-Employee Directors, on May 20, 2015, each non-employee director received 3,364 shares of Altria common stock with an aggregate grant date fair market value of $175,029. The dollar value is slightly higher than $175,000 because the grant is made in whole shares. The fair market value of the shares of $52.03 per share was based on the average of the high and low trading prices of Altria common stock on May 20, 2015.

(2) As of December 31, 2015, there were no stock options outstanding.

(3) All Other Compensation consists of matching gifts paid in 2015 under the Company s Matching Gift Program to charitable entities designated by the non-employee director, as more particularly described above. In the case of Ms. McQuade, the amount includes $17,000 in matching gift requests submitted for fiscal year 2014 that were paid by the Company in 2015 for administrative purposes.

Stock Ownership Guidelines for Non-Employee Directors and Prohibition on Hedging

The Board believes that stock ownership guidelines further align the interests of the Board with those of the Company s shareholders. The Company s non-employee directors are expected to hold the Company s common stock in an amount equal to the lesser of five times the then-current annual cash retainer or 26,000 shares. Directors are expected to reach this ownership level within five years of being elected to Board membership and to hold the requisite number of shares until retirement. The ownership requirement for non-employee directors may be satisfied with all beneficially owned shares, including deferred shares and share equivalents. As of December 31, 2015, all of our directors who had served on the Board for five or more years since their election held a sufficient number of shares to satisfy these guidelines.

The Company s non-employee directors are not permitted to engage in hedging activities with respect to our stock. Furthermore, our non-employee directors do not pledge their Altria shares.

AUDIT COMMITTEE MATTERS

Audit Committee Report for the Year Ended December 31, 2015

Management has the primary responsibility for the Company s financial statements and the reporting process, including the systems of internal accounting control. The Audit Committee monitors the Company s financial reporting processes and systems of internal accounting control, the independence and the performance of the independent registered public accounting firm and the performance of the internal auditors.

The Audit Committee has received representations from management that the Company s consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and that the Company maintained effective internal control over financial reporting, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent registered public accounting firm. The Audit Committee has discussed with the independent registered public accounting firm their evaluation of the accounting principles, practices and judgments applied by management, and the Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by applicable standards adopted by the Public Company Accounting Oversight Board (PCAOB).

The Audit Committee has received from the independent registered public accounting firm written disclosures and a letter required by applicable requirements of the PCAOB regarding the independent registered public accounting firm s communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm the independent registered public accounting firm s independence from the Company and its management. The Audit Committee pre-approved all fiscal year 2015 audit and permissible non-audit services provided by the independent registered public accounting firm and the fees for those services included on page 22. As part of this process, the Audit Committee reviewed non-audit services and fees to assure compliance with regulations prohibiting the independent registered public accounting firm from performing specified services that might impair their independence.

The Audit Committee discussed with the Company s internal auditors and independent registered public accounting firm the overall scope of and plans for their respective audits. The Audit Committee has met with the internal auditors and the independent registered public accounting firm, separately and together, with and without management present, to discuss the Company s financial reporting processes and internal control over financial reporting. The Audit Committee has reviewed significant audit findings prepared by the independent registered public accounting firm and those prepared by the internal auditors, together with management s responses.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board the inclusion of the audited consolidated financial statements in the Company s 2015 Annual Report on Form 10-K.

Audit Committee:

George Muñoz, Chair

John T. Casteen III

Thomas W. Jones

Debra J. Kelly-Ennis

Kathryn B. McQuade

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AUDIT COMMITTEE MATTERS

Independent Registered Public Accounting Firm s Fees

Aggregate fees, including out-of-pocket expenses, for professional services rendered by our independent registered public accounting firm, PricewaterhouseCoopers, for fiscal years ended December 31, 2015 and 2014 were comprised of the following (in thousands):

	2015 ($)	2014 ($)
Audit Fees (1)	6,289	5,965
Audit-Related Fees (2)	735	765
Tax Fees (3)	960	1,143
All Other Fees (4)	36	0
TOTAL	**8,020**	**7,873**

(1)

Fees and expenses associated with professional services rendered by PricewaterhouseCoopers in connection with (a) the audit of the Company s consolidated financial statements and internal control over financial reporting, including statutory audits of the financial statements of the Company s subsidiaries; (b) reviews of the Company s unaudited condensed consolidated interim financial statements; and (c) reviews of documents filed with the SEC.

(2) Fees and expenses for professional services rendered by PricewaterhouseCoopers for audit-related services, which include certain employee benefit plan audits, accounting consultations and procedures relating to various other audit and special reports.

(3) Fees and expenses for professional services rendered by PricewaterhouseCoopers in connection with U.S. and foreign tax compliance and planning, and consultation and advice on tax examinations.

(4) Other fees in 2015 were related to a cybersecurity simulation exercise.

Pre-Approval Policy

The Audit Committee s policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is detailed as to the particular service or category of service and is subject to a specific budget. The Audit Committee requires the independent registered public accounting firm and management to report on the actual fees charged for each category of service at Audit Committee meetings throughout the year.

During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm. The Audit Committee has delegated pre-approval authority to the Chair of the Audit Committee for those instances when pre-approval is needed prior to a scheduled Audit Committee meeting. The Chair of the Audit Committee must report on such approvals at the next scheduled Audit Committee meeting.

COMPENSATION COMMITTEE MATTERS

Introduction

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 NYSE. The current members of the Committee are: W. Leo Kiely III (Chair); Gerald L. Baliles; Thomas F. Farrell II; Thomas W. Jones; and Kathryn B. McQuade. The Committee s responsibilities are described below and set forth in the Compensation Committee Charter, which is available on the Company s website at www.altria.com/governance.

Compensation Committee Interlocks and Insider Participation

During 2015, no executive officer of the Company served on the board of directors or compensation committee of another entity one or more of whose executive officers served as a member of the Board or the Compensation Committee. No member of the Compensation Committee at any time during 2015 or at any other time had any relationship with us that would be required to be disclosed as a related person transaction.

Compensation Committee Procedures

Scope of Authority

The responsibilities of the Compensation Committee are set forth in its charter and include, among other duties, the responsibility to:

- review and approve the Company s overall executive compensation philosophy and design;
- review and approve corporate goals and objectives relevant to the compensation of our CEO, evaluate the performance of our CEO in light of these goals and objectives and determine and approve the compensation of our CEO based on this evaluation;
- review and approve the compensation of all executive officers;
- make recommendations to the Board with respect to incentive compensation plans and equity-based plans, administer and make awards under such plans and review the cumulative effect of its actions;
- monitor compliance by executives with our stock ownership guidelines;

- monitor risks related to the design of the Company s compensation program;

- review and assist with the development of executive succession plans, evaluate and make recommendations to the Board regarding potential candidates to become CEO and evaluate and approve candidates to fill other senior executive positions;

- review and discuss with management our Compensation Discussion and Analysis; and

- prepare and approve the Compensation Committee s annual report for inclusion in our annual proxy statement.

In addition, the Compensation Committee determines ratings for Company performance for the annual and long-term cash incentive awards formulas.

In accordance with its charter, the Compensation Committee may delegate its authority to subcommittees or the Chair of the Committee when it deems appropriate, unless prohibited by law, regulation or NYSE listing standards.

Processes and Procedures for Establishing Executive Compensation

The primary processes and procedures for establishing and overseeing executive compensation include:

Compensation Committee Meetings. The Compensation Committee meets several times each year, including five times in 2015. The Chair of the Committee, in consultation with management and the other members, sets meeting agendas. The Committee reports its actions and recommendations to the Board.

COMPENSATION COMMITTEE MATTERS

Role of Consultants. As part of our annual compensation process, management engages Hewitt Associates, LLC d/b/a Aon Hewitt (Aon Hewitt).

Aon Hewitt conducts a survey of Compensation Survey Group companies. See page 35 for a description of the companies included in the Compensation Survey Group and the criteria and process for their selection. The survey collects compensation data and competitive practices. The Committee reviews the data to help it assess competitive levels of pay and the competitive mix of pay elements.

Based on parameters developed by management, Aon Hewitt provides competitive compensation information focused on chief executive officer pay primarily from public filings, including annual proxy filings, by companies within our Compensation Survey Group. The Committee also reviews this data.

Aon Hewitt provides background information on companies as reference for evaluating our Compensation Survey Group.

Aon Hewitt also reviews the Company s risk assessment process with respect to its executive compensation program as described on page 35. Aon Hewitt provides neither advice nor recommendations on the form or amount of Altria s executive or director compensation, nor does Aon Hewitt attend any Board or Committee meetings.

Role of Management.

The Company s management provides input on overall executive compensation program design for the Compensation Committee s consideration.

Each year, our Chairman and CEO presents to the Compensation Committee compensation recommendations for the Company s named executive officers, as well as certain other officers. The Committee reviews and discusses these recommendations with our CEO and, exercising its discretion, makes the final decision with respect to the compensation of these individuals. The CEO has no role in setting his own compensation.

At the beginning of each year, our Chairman and CEO presents his proposed annual performance goals to the Compensation Committee for its consideration.

Compensation Committee Report for the Year Ended December 31, 2015

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained on pages 26 through 42 of this Proxy Statement with management. Based on its review and discussions with management, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee:

W. Leo Kiely III, Chair

Gerald L. Baliles

Thomas F. Farrell II

Thomas W. Jones

Kathryn B. McQuade

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

In this section, we provide a detailed description of Altria s executive compensation program, with a focus on the Compensation Committee s decisions with respect to our NEOs:

Name	Position during 2015
Martin J. Barrington	Chairman of the Board, Chief Executive Officer and President, Altria Group, Inc.
William F. Gifford, Jr.	Executive Vice President and Chief Financial Officer, Altria Group, Inc.
Howard A. Willard	Executive Vice President and Chief Operating Officer, Altria Group, Inc.
Denise F. Keane	Executive Vice President and General Counsel, Altria Group, Inc.
Craig A. Johnson	President and Chief Executive Officer, Altria Group Distribution Company

James E. Dillard	Senior Vice President, Regulatory Affairs and Chief Innovation Officer, Altria Client Services LLC
David R. Beran	Former President and Chief Operating Officer, Altria Group, Inc.

Mr. Beran retired as President and Chief Operating Officer (COO) effective March 1, 2015. Please see Retirement of President and COO on page 42 of our 2015 Proxy Statement for more information. Also, Mr. Dillard was appointed Senior Vice President, Research, Development and Regulatory Affairs, Altria Group, Inc. effective January 1, 2016.

Executive Summary

Compensation Philosophy

Altria s executive compensation program aligns with Altria s Mission, Mission goals and Values, including Invest in Leadership. We believe that such an investment requires:

- clear alignment of the interests of our executives and shareholders;
- clear articulation of corporate and individual performance goals;
- transparent measurement of performance against those goals; and
- a competitive, financially disciplined executive compensation program that rewards past success and creates the appropriate incentives for future conduct.

Say on Pay

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provides shareholders with an advisory vote (Say on Pay) on the compensation of a company s named executive officers, as such compensation is disclosed in the company s annual proxy statement. Altria holds the vote, which is non-binding, annually and at the 2015 Annual Meeting, 96% of the votes cast approved our NEO compensation on an advisory basis. Upon consideration of the strong support shown in 2015 by the vote results, feedback from discussions with shareholders and other factors described in this Proxy Statement, the Compensation Committee decided that no significant changes to the executive compensation program were necessary for 2015.

Shareholder Engagement

From time to time we engage with institutional investors to gain their perspectives on our programs and corporate governance practices. Shareholders feedback has been generally positive and no significant concerns have been raised.

Company Financial Performance

The Company s business performance is a key factor in determining executive compensation. The Company delivered excellent business performance in 2015, as reflected in the 2015 Business Highlights beginning on page 3. The following graphs summarize the Company s one and three-year performance against key financial measures:

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2015 Total Shareholder Return

(1) For 2015, Altria s Peer Group included The Kraft Heinz Company in addition to the other companies identified in the 2015 Altria Peer Group table on page 36.

Source: Bloomberg Daily Return (December 31, 2014 December 31, 2015)

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

Three-Year Total Shareholder Return

(2013 2015)

(1) For 2015, Altria s Peer Group included The Kraft Heinz Company in addition to the other companies identified in the 2015 Altria Peer Group table on page 36.

Source: Bloomberg Daily Return (December 31, 2012 December 31, 2015)

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

Altria s Adjusted Diluted EPS

(1) Three-year compound annual growth rate (CAGR) based on 2012 adjusted diluted EPS of $2.21.

Altria s Dividend[1]

(1) Annualized dividend based on quarterly dividend rate per common share declared in August of each year.

(2) Three-year CAGR based on the annualized dividend rate per common share of $1.76 that was declared in August 2012, with each August dividend similarly annualized.

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Pay For Performance

The following graph illustrates the relationship between Mr. Barrington s total pay (including annualized long-term incentive plan (LTIP) compensation) and Altria s indexed total shareholder return:

CEO Pay (1) vs. Indexed TSR (2)

(1) CEO pay is calculated using an annualized allocation of the LTIP award. All other amounts are based on the Summary Compensation Table values.

(2) Indexed TSR reflects a December 31, 2012 starting point (with a nominal value of 100) and represents the total growth (including dividends) from that date through each December 31.

2015 Performance of NEOs

The Compensation Committee considered several factors in approving each element of compensation. For example, the Compensation Committee evaluated the Company s financial and strategic performance, as described above and beginning on page 26, in the context of the 2015 Annual Incentive Award program (discussed under 2015 Executive Compensation Program Decisions Annual Incentives on page 37). The Compensation Committee also considered the individual performance of each NEO for purposes of approving salary increases, annual cash incentive awards and equity awards. Each executive, including our NEOs, is evaluated on a five-point scale of Extraordinary, Outstanding, Valued, More Expected or Unacceptable. Executives receive variable elements of compensation only after the relevan performance period whether short- or long-term has ended and the Compensation Committee has assessed actual Company performance and considered executive performance relative to stated goals.

The Compensation Committee concluded that our NEOs successes in achieving their performance goals contributed significantly to the Company s strong overall 2015 performance. We discuss the performance of each NEO below. Based on

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EXECUTIVE COMPENSATION

this assessment and the plan designs described in 2015 Executive Compensation Program Decisions on page 37, the Compensation Committee approved the compensation paid or awarded to our NEOs as detailed in the compensation tables.

Martin J. Barrington. Mr. Barrington served as Chairman, CEO and President of the Company. He provided extraordinary strategic leadership to the Board, the executive team and employees in a dynamic economic, regulatory and competitive environment. Among other accomplishments, Mr. Barrington drove execution of the Company s strategy to maximize the core business while innovating for future value creation; pursued long-term strategic options for new revenue and income growth; made significant progress in strengthening the Company s culture; and maintained strong relationships with key external stakeholders. Specifically, Mr. Barrington guided the efforts of Altria and its companies to:

deliver $5.5 billion of adjusted net earnings,[(1)] a 2015 TSR of 23.1% (over 16 times the 2015 TSR of the S&P 500) and a dividend payout ratio of approximately 80% of adjusted diluted EPS (among the highest in the S&P Food, Beverage & Tobacco Index);

support the proposed transaction to combine AB InBev and SABMiller, which, upon closing, is expected to capture a significant premium on our investment in SABMiller, continue our participation in the global beer profit pool, achieve continued tax efficiency, provide Altria with two seats on the new company s board of directors, continue our use of equity accounting for the asset s contribution to Altria s earnings and provide Altria with approximately $2.5 billion in pre-tax cash; [(2)]

enter into an agreement with Philip Morris International Inc. (PMI) to further accelerate development and commercialization of superior e-vapor products; and

strengthen the leadership capability of executives and the Company s culture with a focus on innovation, business simplification and diversity and inclusion.

William F. Gifford, Jr. Mr. Gifford was appointed Executive Vice President and Chief Financial Officer (CFO) of the Company effective March 1, 2015. His responsibilities included oversight of the Finance function, Strategy and Business Development, Investor Relations, and Philip Morris Capital Corporation. Mr. Gifford effectively managed the balance sheet, helped deliver adjusted diluted EPS growth of 8.9% and strong returns for our shareholders. Under his leadership, the Company continued to manage its debt profile by tendering $0.8 billion of 2018 high coupon debt generating significant interest expense savings. Mr. Gifford also oversaw the completion of a $1 billion share repurchase program and Altria s announcement of a new $1 billion program in July 2015.

Mr. Gifford also had extensive involvement in supporting the AB InBev and SABMiller transaction, working to capture attractive terms for Altria.

Howard A. Willard. Mr. Willard was appointed Executive Vice President and COO of the Company effective March 1, 2015. He oversaw PM USA, John Middleton Co. (Middleton), USSTC, Nu Mark LLC (Nu Mark), Ste. Michelle and Altria Group Distribution Company (AGDC), along with the Procurement, and Consumer & Marketplace Insights functions of Altria Client Services LLC (Altria Client Services). Under his leadership, the operating companies continued to deliver strong adjusted OCI growth and grow retail share in the smokeable and smokeless segments. The smokeable products segment had outstanding results, growing adjusted OCI by 10.9% while growing *Marlboro* s retail share to a record 44.0%. The smokeless products segment continued to grow adjusted OCI and the combined retail share of *Copenhagen* and *Skoal* in a very competitive environment. Significant improvements in new mobile capabilities expanded the reach of these key brands and strengthened connections with our adult tobacco consumers. Nu Mark developed a more efficient retail distribution model, improved its supply chain and launched new *MarkTen* XL products by leveraging technologies from the Green Smoke acquisition. Ste. Michelle delivered a strong year of adjusted OCI growth of 13.4%, continued to innovate new brands and line extensions to meet or exceed evolving adult consumer preferences and earned critical acclaim with over 250 ratings of 90 or better on its wines.

Denise F. Keane. Ms. Keane served as Executive Vice President and General Counsel of the Company. Her responsibilities included managing diverse litigation challenges and efficiently deploying the resources of the Law department to help the Company and its subsidiaries meet regulatory and business requirements. Her accomplishments included obtaining a favorable holding from the Illinois Supreme Court in *Miles/Price* and affirmation of the defense

(1) Adjusted net earnings is a non-GAAP financial measure. See Annex A to this Proxy Statement for information regarding non-GAAP financial measures and reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures.

(2) Certain anticipated benefits are subject to proration, as described in our 2015 Annual Report on Form 10-K.

judgment for PM USA from the California Court of Appeals in *Brown* (the California certified lights class action). Under Ms. Keane s leadership, the Company also successfully settled approximately 415 federal *Engle*-progeny cases. In addition, Ms. Keane oversaw the Law department s outstanding delivery of legal services to our companies on a wide range of complex legal and regulatory issues. Ms. Keane also had extensive involvement in supporting the AB InBev and SABMiller transaction, working to capture attractive terms for Altria.

Craig A. Johnson. Mr. Johnson served as President and CEO of AGDC, which provides comprehensive sales, distribution and consumer engagement services to Altria s tobacco operating companies. Under his leadership, AGDC:

- continued to drive engagement with adult tobacco consumers through enhanced branded websites and mobile technologies, including new mobile applications and mobile couponing capability;
- identified new solutions to optimize the tobacco category space in traditional retail stores; and
- began enhancing the retail engagement system to provide innovative solutions that better align our trade partners with our tobacco operating companies brands.

James E. Dillard. Mr. Dillard served as Senior Vice President, Regulatory Affairs and Chief Innovation Officer of Altria Client Services. His responsibilities included managing Altria s regulatory and innovation capabilities. In 2015, Mr. Dillard worked with the operating companies to enhance their five-year product portfolio plans to address adult tobacco consumers preferences, simplified and accelerated the product development process by conducting rapid experiments for new product concepts and developed innovation goals and metrics to track the organization s progress. Mr. Dillard also successfully led the Company s significant engagement efforts with the FDA.

After 38 years of exceptional service, Mr. Beran retired on March 1, 2015. Therefore, his 2015 individual performance is not discussed.

In addition to assessing Company and individual performance against stated goals to determine incentive compensation, the Compensation Committee looks at comprehensive contextual information, including industry compensation market data and tally sheets for each of the NEOs that include their total cash and long-term compensation, total defined benefit and defined contribution retirement plan accruals and perquisites for the last three years.

Executive Compensation Design

Principles

We strategically design our executive compensation program to promote our Mission, which is to own and develop financially disciplined businesses that are leaders in responsibly providing adult tobacco and wine consumers with superior branded products. In pursuing our Mission, we remain focused on four goals: Invest in Leadership, Align with Society, Satisfy Adult Consumers and Create Substantial Value for Shareholders.

Our Values guide our behavior as we pursue our Mission and our goals. Our Values are Integrity, Trust and Respect; Passion to Succeed; Executing with Quality; Driving Creativity into Everything We Do; and Sharing with Others.

Our executive compensation program includes multiple performance metrics to assess the efforts of all executives in pursuing our Mission and goals, while assuring that such efforts are guided by our Values. Specifically, our program is designed to satisfy the following objectives:

- promote pursuit of business strategies that create substantial value for shareholders and are executed with integrity;
- reward quality execution by making a significant portion of the compensation of our executives dependent on the achievement by the Company and the individual of financial and key strategic goals;
- align the interests of shareholders and executives through equity and cash-based long-term incentive awards and stock ownership guidelines;
- support the attraction, development and retention of world-class leaders; and
- promote internal fairness and a disciplined qualitative and quantitative assessment of performance.

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EXECUTIVE COMPENSATION

The elements of our executive compensation program serve these objectives with the following design principles (as shown in the chart below):

- a mix of fixed and at-risk variable compensation, with executives at higher levels having a higher proportion of variable compensation;
- a mix of short-term and long-term compensation to appropriately reward and motivate the achievement of both annual and long-term goals and objectives; and
- a mix of cash and equity compensation that seeks to discourage actions solely driven by our stock price to the detriment of strategic goals and to minimize the potentially dilutive nature of equity compensation on shareholder value.

2015 CEO and NEO Pay Mix [(1)]

(1) Includes 2015 actual salary, annual incentive award, grant date fair value of long-term equity awards and target (annualized) cash LTIP award. Pay components may not add to 100% due to rounding.

Elements

The table below provides a brief side-by-side comparison of the elements of our 2015 executive compensation program.

			Long-Term Incentive Awards	
	Salary	**Annual Incentive**	**Equity**	**Cash**
Form of Compensation	Cash	Cash	Restricted stock units (RSUs)	Cash

Performance Period	Ongoing	Annual	Annual with, in most cases, three-year vesting periods	Three years; end-to-end cycles
Award Criteria	Individual performance	Company and individual performance	Individual performance and advancement potential	Company and individual performance
Company Performance Alignment		Adjusted diluted EPS growth Adjusted discretionary cash flow Strategic initiatives	Stock price appreciation	Adjusted diluted EPS growth Relative TSR Strategic initiatives

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The table below summarizes the elements and objectives of the 2015 executive compensation program for the NEOs. In addition, the general objective of each element is to attract and retain world-class leaders.

2015 Executive Compensation Program

	Element	Summary Description	Objective
Annual Compensation	**Salary**	Fixed cash compensation based on role at the Company.	Provide financial stability Recognize individual role, experience, responsibility and performance
	Annual Incentive Awards	Cash-based incentive plan based on prior year s performance.	Recognize annual Company financial and strategic performance after it is delivered Recognize annual individual performance after it is delivered
	Equity Awards	Equity awards based on prior year s individual performance and advancement potential. For 2015, award delivered as RSUs with three-year vesting.	Align NEOs interests with shareholders through stock ownership Recognize individual performance after it is delivered and advancement potential

			Build stock ownership Retain talented leaders
	Long-Term Incentive Plan	Cash-based incentive plan based on three-year financial and strategic goals.	Align NEOs interests with shareholders Recognize long-term Company financial and strategic performance after it is delivered Recognize long-term individual performance after it is delivered Retain talented leaders No dilutive impact
Post-Termination Benefits and Change in Control Payments	**Defined Benefit Plans**	Retirement plans providing for the continuation of a portion of compensation upon retirement or separation from service. Generally, only employees hired prior to January 1, 2008 are eligible.	Provide opportunity for financial security in retirement
	Defined Contribution Plans	Annual cash contribution by the Company based on a formula related to growth in adjusted diluted EPS for 2015 and, for certain employees, a supplemental Company contribution and	Provide opportunity for financial security in retirement

		Company matching contributions. Includes a Company stock investment option.	Provide additional opportunity to build stock ownership

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EXECUTIVE COMPENSATION

	Element	Summary Description	Objective
Post-Termination Benefits and Change in Control Payments	**Change in Control Payments**	Payments to executives triggered by a defined change in the ownership of Altria. Change in control provisions are contained in the 2010 and 2015 Performance Incentive Plans.	Allow NEOs to focus on delivering shareholder value in a period of uncertainty Allow NEOs to receive awards granted for periods of performance before a change in control
	Termination Payments	For certain types of involuntary separations, potential for severance benefits (including continuation of salary and health insurance based on years of service). Our NEOs are eligible for the same severance benefits as our other salaried employees.	Provide opportunity for protection upon an unexpected event
Perquisites		For the Chairman, CEO and President for safety and security purposes, home security system and personal use of Company aircraft subject to an annual allowance. For all NEOs, annual financial counseling reimbursement, company-paid executive physical and leased Company vehicle (not used by the Chairman, CEO and President).	Provide security and retention supplement
Other Benefits		Medical coverage, group life insurance and other welfare benefits	Promote health and financial security

	generally available to all salaried employees.

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Decision-Making Process

Participants

For information on the various participants and their key decision-making responsibilities, please see the Compensation Committee Matters section on pages 23 to 24.

Risk Assessment

A cross-functional team of executives in the Human Resources & Compliance, Law, Corporate Audit and Finance departments annually reviews Altria s compensation program (executive and non-executive) to identify features that could encourage excessive risk-taking by program participants and to assess the potential of such risks to have a material adverse effect on Altria. Management requested that the external compensation consultant, Aon Hewitt, review this risk assessment process specifically the features identified as potentially encouraging excessive risk-taking, features that mitigate risk and management s assessment of those features to confirm consistency with prevailing best practices.

After reviewing management s assessment, the Compensation Committee believes that neither the compensation program s design nor the individual elements of executive compensation encourage employees, including our NEOs, to take unnecessary or excessive risks. The executive compensation program also incorporates risk-mitigating features such as those shown in the chart on the right, which the Compensation Committee considered as part of its assessment. The Company believes that any risks arising from our compensation policies and practices are not likely to have a material adverse effect on the Company.

RISK MITIGATING FEATURES

- Appropriate compensation mix of fixed versus at-risk variable pay, annual versus long-term pay and cash versus equity
- Multiple objective performance factors used for annual and long-term cash incentive awards, coupled with the Compensation Committee s discretion to approve awards at lower than target
- Caps on annual and long-term incentive plan formulas
- Peer company benchmarking
- Significant stock ownership guidelines

Benchmarking

¡ A clawback policy providing for the adjustment or recovery of executive compensation upon the restatement of the Company s financial statements

¡ Individual performance assessments that emphasize behavior consistent with the Company s Mission goals and Values

Compensation Strategy

We design our executive compensation program to deliver total compensation (salary, annual and long-term cash awards, equity awards and benefits) upon attainment of performance targets at levels between the 50^{th} and the 75^{th} percentiles of compensation paid to executives in the Compensation Survey Group (CSG), discussed below. We believe that this approach is critical to attracting and retaining world-class leaders to pursue our Mission goals, particularly given the unique challenges of our industry. We also believe this approach contributes to low executive turnover across all of our businesses. Actual total compensation can exceed the 75^{th} percentile or be below the 50^{th} percentile depending on business and individual performance in relation to performance targets.

Compensation Survey Group and Altria Peer Group

We annually compare our executive compensation program with the programs of the companies in the CSG. The purpose of this annual review is to assure that our executive compensation program supports our ability to attract and retain executive talent. When determining the companies to include in the CSG, the Compensation Committee identifies companies that compete with us for talent and:

are direct competitors;

have similar market capitalization;

are primarily focused on consumer products (excluding high technology and financial services); or

have business generally focused within the United States.

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EXECUTIVE COMPENSATION

The Altria Peer Group is a subset of the CSG that we use, along with major external indices, to assess financial performance for purposes of determining variable compensation payments. The Altria Peer Group consists of U.S.-headquartered consumer product companies that compete with our tobacco operating subsidiaries or that the Company believes otherwise provide useful financial performance comparisons on the basis of market capitalization or reported revenue.

Based on these criteria, the Compensation Committee included the following companies in the 2015 CSG and the 2015 Altria Peer Group and used this list for compensation-related decisions during 2015. The list is sorted by market capitalization as of December 31, 2015.

Compensation Survey Group Companies	**Market Capitalization (1) ($B)**	**Altria Peer Group**
The Coca-Cola Company	187	ü
Merck & Co., Inc.	148	
PepsiCo, Inc.	146	ü
Philip Morris International Inc. (2)	136	
Bristol-Myers Squibb Company	115	

Altria	**114**	
McDonald s Corporation	108	
3M Company	93	
Eli Lilly and Company	93	
Median	**71**	
Mondelēz International, Inc.	71	ü
Reynolds American Inc.	66	ü
Colgate-Palmolive Company	60	ü
Kimberly-Clark Corporation	46	ü
General Mills, Inc.	34	ü

Kellogg Company	26	ü
The Hershey Company	19	ü
ConAgra Foods, Inc.	18	ü
Campbell Soup Company	16	ü
Lorillard, Inc.	N/A	ü
Kraft Foods Group, Inc.	N/A	ü

(1) Market capitalization is calculated using shares outstanding as of the most recent public disclosure as of January 2, 2016 per Bloomberg multiplied by the closing stock price as of December 31, 2015.

(2) Although Philip Morris International Inc. does not meet all of the criteria set forth above, we compete for executive talent.

Lorillard, Inc. and Kraft Foods Group, Inc. were acquired in June and July 2015, respectively, and ceased trading as public companies. As a result, the Compensation Committee made the following changes to the CSG:

removed Lorillard, Inc.; and

replaced Kraft Foods Group, Inc. with The Kraft Heinz Company, which meets the Company s criteria discussed above.

2015 Executive Compensation Program Decisions

Salary

The Compensation Committee considers a number of factors when reviewing and setting salaries for our NEOs, including each executive s individual performance, level of responsibility, experience, the relationship between salaries paid to other Company executives and the position of the executive s salary within the applicable salary range. Additionally, as appropriate, the Compensation Committee compares the salaries of our NEOs to others holding comparable positions at CSG companies. The Compensation Committee analyzes all these factors in the aggregate in determining NEO salaries.

Salaries are relevant in establishing annual and long-term incentive target awards and factor into retirement, group life insurance and certain other benefits available to all salaried employees. The Compensation Committee typically reviews salaries on an annual basis and any increases generally are effective March 1.

The 2015 salary ranges for our NEOs were as follows:

	2015 Salary Range	
Band	**Minimum ($)**	**Maximum ($)**
A (Mr. Barrington)	910,000	2,090,000
B (Other NEOs, excluding Mr. Dillard)	480,000	1,100,000
D (Mr. Dillard) [(1)]	278,500	640,500

(1) Effective January 1, 2016, Mr. Dillard was promoted to the Band C role of Senior Vice President, Research, Development and Regulatory Affairs, Altria Group, Inc.

The Compensation Committee increased the salaries of our NEOs (other than Mr. Beran) based on the criteria noted above as follows, effective March 1, 2015:

2015 Salary Increases

Name	2014 Salary ($)	2015 Salary ($)
Martin J. Barrington	1,250,000	1,350,000
William F. Gifford, Jr. (1)	515,000	610,000
Howard A. Willard (1)	682,000	800,000
Denise F. Keane	896,000	916,000
Craig A. Johnson	856,000	875,000
James E. Dillard	510,000	535,000
David R. Beran (2)	929,000	929,000

(1) Effective March 1, 2015, Messrs. Gifford and Willard received both merit and either promotional or lateral increases in connection with their appointments as Executive Vice President and CFO and Executive Vice President and COO, respectively.

(2) Mr. Beran retired effective March 1, 2015. Please see Retirement of President and COO on page 42 of our 2015 Proxy Statement for more information.

Annual Incentives

The Annual Incentive Award program is a cash-based, pay-for-performance plan for management employees, including our NEOs. Participants have an annual award target based on salary band and expressed as a percentage of salary. Our benchmarking process establishes award targets, which are paid only after both business and individual results are assessed against targeted levels of performance. The Compensation Committee reviews and approves the targets annually. However, no individual is guaranteed an award.

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EXECUTIVE COMPENSATION

Each December, the Compensation Committee reviews the financial and strategic performance of Altria as well as the performance of each of our tobacco and wine businesses for that year. In determining Altria s financial performance for 2015, the Compensation Committee considered the following:

Key Financial Measures

(millions, except per share data)

	2015		
	Target Range	**Results**	**Weighting**
Adjusted Diluted EPS Growth *(Rating Range)*	$2.75 - $2.80 *(90% - 110%)*	$2.80	75%
Adjusted Discretionary Cash Flow [1] *(Rating Range)*	$4,533 - $5,011 *(90% - 110%)*	$5,610	25%

(1) Adjusted discretionary cash flow is a non-GAAP financial measure. See Annex A to this Proxy Statement for information regarding non-GAAP financial measures and reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures.

The Compensation Committee uses adjusted diluted EPS growth and adjusted discretionary cash flow as the key financial measures in determining annual incentive awards because these measures link to the Company s long-term financial goals to:

- grow adjusted diluted EPS at an average annual rate of 7% to 9%; and

- maintain a target dividend payout ratio of approximately 80% of adjusted diluted EPS.

The Compensation Committee believes that the combination of these metrics provides the best alignment between our Company s business strategy and our shareholders interests: our executives are rewarded when our shareholders are rewarded.

In 2015, Altria delivered another year of excellent business results and outstanding shareholder returns on the strength of its diverse business model and solid performance by its core tobacco businesses.

The Compensation Committee also considers TSR in its evaluation of overall performance. Altria s 2015 TSR of 23.1% far exceeded the 16.6% TSR of the 2015 Altria Peer Group (including The Kraft Heinz Company), the 14.7% TSR of the S&P Food, Beverage & Tobacco Index and the 1.4% TSR of the S&P 500 Index.

In addition to financial metrics, the Compensation Committee evaluates the performance of Altria and each tobacco and wine business against key strategic initiatives that are designed to promote the Company s long-term success, as well as any significant events during the year. The key strategic initiatives in 2015 included:

- brand-building initiatives in Altria s core businesses;
- enhancing adult tobacco consumer engagement through innovative technologies;
- advancing our innovation and harm reduction strategies;
- productivity and business simplification initiatives; and
- developing organizational talent and enhancing our culture to improve diversity and inclusion.

Based on its overall review of financial measures and strategic initiatives, the Compensation Committee assigns an Annual Incentive Award rating for Altria and each business segment. Performance at planned levels receives a rating of 100%. Depending on performance, Annual Incentive Award ratings for business performance can range from 0% to 130%. After reviewing 2015 financial and strategic performance, the Compensation Committee assigned an Annual Incentive Award business performance rating for Altria of 121%. The Committee used this rating together with individual performance (see 2015 Performance of NEOs on page 29) in determining the 2015 awards below. The following formula is the basis for determining Annual Incentive awards:

Salary	X	Business Performance Factor	X	Individual Performance Factor	=	**Annual Incentive Award**

2015 Annual Incentive Award Target Percentages, Award Ranges and Actual Awards

Name	Band	Salary ($)	2015 Business Performance Factor (0 - 130%)	Individual Performance Factor Range [1] (%) Minimum	Target	Maximum	Award Range for 2015 Performance ($)	Actual Award for 2015 Performance ($)
Martin J. Barrington	A	1,350,000	121	128	150	263	2,090,880 - 4,296,105	3,500,000
William F. Gifford, Jr.	B	610,000	121	81	95	147	597,861 - 1,085,007	900,000
Howard A. Willard	B	800,000	121	81	95	147	784,080 - 1,422,960	1,200,000
Denise F. Keane	B	916,000	121	81	95	147	897,772 - 1,629,289	1,350,000
Craig A. Johnson	B	875,000	121	81	95	147	857,588 - 1,556,362	1,100,000
James E. Dillard	D	535,000	121	51	60	93	330,149 - 602,035	475,000

David R. Beran [(2)]	B	929,000	142,700

(1) The individual performance ranges are stated as a percentage of salary and are based on individual performance between Valued and Extraordinary.

(2) Mr. Beran received a prorated annual incentive award for 2015 (59 of 365 days) based on target business and individual performance in accordance with the terms of the plan. Please see Retirement of President and COO on page 42 of our 2015 Proxy Statement for more information.

Long-Term Incentives

Altria awards long-term incentives to senior executives through a combination of RSU awards and performance-based long-term cash incentive awards. The mix of these awards focuses executives on TSR, adjusted diluted EPS growth, long-term operational performance and progress against strategic and societal alignment objectives, while minimizing shareholder dilution.

Long-Term Incentives: Equity Awards

Equity awards in the form of RSUs focus executives on increasing long-term shareholder value, enhance executive retention and promote executive stock ownership. Awards recognize prior year performance and advancement potential and generally vest three years after the date of the award, subject to earlier vesting on change in control, death, disability or retirement on or after age 65. This vesting period is intended to retain and motivate executives, while promoting long-term performance. Recipients receive cash dividend equivalents during the vesting period. The Compensation Committee also infrequently grants special equity awards to select executives in key roles or with high advancement potential. These special awards generally have longer vesting periods. The Compensation Committee annually reviews equity award targets against competitive data and decided to maintain the current targets for each salary band for the 2015 grants. The awards are granted on the date of Compensation Committee approval, and no individual is guaranteed an award.

2015 EQUITY AWARD HIGHLIGHTS

- RSUs
- Vesting period of three years
- NEO awards based on:

Executive s individual performance in year prior to the grant;

Executive s advancement potential;

Compensation Committee discretion; and

Competitive benchmarking

¡ Number of shares awarded is based on fair market value of our stock on the date of the grant

Effective with the January 2015 grant, the Compensation Committee selected RSUs (instead of restricted stock) as the form of equity awards because RSUs are administratively simpler for the Company.

The Compensation Committee exercises discretion in making equity awards to the Chairman, CEO and President (salary band A) based on its assessment of competitive data and its review of the Chairman, CEO and President s individual performance. The Compensation Committee reviews various equity award scenarios, including past practices of those companies within the 2015 CSG, to establish an appropriate range of awards.

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EXECUTIVE COMPENSATION

The equity awards granted to our NEOs in 2015 were as follows:

2015 Equity Awards

Name	Band	Equity Target ($)	Equity Award Range [1] ($)	Actual Equity Award [1] [2] ($)
Martin J. Barrington	A			5,600,071
William F. Gifford, Jr.	B	1,275,000	765,000 - 1,912,500	1,150,019 1,500,263 [3]
Howard A. Willard	B	1,275,000	765,000 - 1,912,500	1,650,289 1,500,263 [3]
Denise F. Keane	B	1,275,000	765,000 - 1,912,500	1,650,289
Craig A. Johnson	B	1,275,000	765,000 - 1,912,500	1,275,496

James E. Dillard	D	505,000	303,000 - 757,500	710,306 1,000,539 (3)
David R. Beran (4)	B	1,275,000	765,000 - 1,912,500	

(1) Ranges and actual awards are a function of individual performance and, for the NEOs other than Mr. Barrington, advancement potential.

(2) Represents the grant date fair value of stock awards granted in 2015 pursuant to Financial Accounting Standards Board (FASB) Codification Topic 718. Please see footnote 1 to the Summary Compensation Table on page 43.

(3) Messrs. Gifford, Willard and Dillard each received a special grant of RSUs on January 28, 2015, which will vest on February 11, 2020. These grants were made based on the criteria for special grants described above under Long-Term Incentives: Equity Awards, specifically, the Company s advancement plans and these individuals subsequent appointments to key senior executive positions.

(4) Mr. Beran retired effective March 1, 2015 and did not receive a 2015 grant. Please see Retirement of President and COO on page 42 of our 2015 Proxy Statement for more information.

Long-Term Incentives: 2014 2016 Long-Term Incentive Plan Awards

The LTIP is a long-term cash performance plan that uses a three-year, end-to-end performance cycle, an approach consistent with the Company s long-term strategic planning process. At the beginning of each three-year cycle, the Compensation Committee approves long-term financial and strategic performance goals for the Company that can only be measured effectively after completion of the cycle. Awards are payable in cash after the end of each three-year cycle, based on an assessment of actual overall corporate and individual performance during the entire award cycle. Each executive has an award target based on his or her salary band, expressed as a percentage of each year-end salary over the three-year cycle. The Compensation Committee retains the discretion to adjust awards upward or downward, and no individual is guaranteed an award.

LTIP HIGHLIGHTS

¡ Three-year, end-to-end performance cycle

¡ Awards based on Company performance against long-term financial and strategic goals and individual performance

¡ Because no LTIP cycle concluded in 2015 or 2014 (the current cycle concludes in 2016), total compensation in the Summary Compensation Table for 2015 and 2014 is less than 2013

Although the Compensation Committee takes our executives earnings opportunity under the LTIP into account when setting their compensation each year, those opportunities remain at risk until the end of the three-year performance cycle.

The Compensation Committee has previously considered alternative LTIP design approaches, such as overlapping three-year cycles (with a new three-year cycle beginning each year), resulting in annual payouts versus payouts every three years. Although such an approach would result in less fluctuation of annual compensation to executives, the Compensation Committee has concluded that reducing fluctuations is outweighed by the clarity of long-term performance incentives and the retention value of end-to-end performance cycles.

The 2014 2016 LTIP performance cycle will conclude on December 31, 2016 and will reward achievement of key financial performance measures and strategic performance initiatives intended to create substantial value for shareholders. The financial measures for 2014 2016, which have a combined weighting of 50%, are shown below:

Relative 2014 2016 TSR growth versus Altria Peer Group and major indices

Adjusted Diluted EPS Growth

The remaining 50% will be based on performance against long-term strategic initiatives, which reflect the Company s strategies to (i) maximize income from our core tobacco businesses, (ii) grow new income streams with innovative tobacco products and (iii) manage diverse income streams and a strong balance sheet to deliver consistent financial performance. Specific details regarding the financial performance measures and strategic performance initiatives were defined for the executives, but will not be disclosed publicly before the end of the cycle due to their competitively sensitive nature. The Company will disclose relevant performance metrics for the 2014 2016 performance cycle, as appropriate, after the associated compensation decisions for the then-current NEOs have been made.

Following the conclusion of the 2014 2016 LTIP cycle, the Compensation Committee will assess the Company s performance on each of the financial and strategic measures to determine the final LTIP business performance rating, which could range from 0% to 130%. The Compensation Committee, with respect to the CEO, and the CEO, with respect to the other NEOs, will also assess the individual performance of each executive to determine the executive s individual performance rating, which could range from 0% to 150%. The final LTIP award is then determined by multiplying the target award by the business performance rating and the individual performance rating.

The LTIP award target percentages and performance factor ranges for executives in salary bands A, B and D for the 2014 2016 performance cycle are:

Band	Individual Award Target [1] (%)	Business Performance Factor (%)	Individual Performance Factor (%)
A	250	0 - 130	0 - 150
B	200	0 - 130	0 - 150
D	75	0 - 130	0 - 150

(1) Individual award target percentages are applied to each year-end base salary over the three-year performance cycle.

Perquisites

The Compensation Committee believes that a competitive executive compensation package includes reasonable perquisites that supplement the Company s retention efforts. The perquisites provided by the Company to its NEOs in 2015 are set forth in the All Other Compensation table on page 44. In addition to these perquisites, our NEOs received the same benefits that were available to our salaried employees generally. Mr. Barrington is required to use Company aircraft for all air travel for reasons of security and to maximize the efficiency of his time. Before 2015, the Company provided an aggregate allowance for personal use of Company aircraft of $300,000 per year. The allowance was allocated to Messrs. Barrington and Beran in the amounts of $200,000 and $100,000, respectively. Upon Mr. Beran s retirement, the aggregate allowance was reduced to $250,000, which is allocated to Mr. Barrington. For Mr. Barrington, the Compensation Committee considers the potential value of personal aircraft usage in determining the other components of his total compensation. Mr. Barrington did not accept the company-paid auto, financial counseling services and executive physical in 2015. Effective January 1, 2016, the Company discontinued reimbursement for financial counseling services.

Post-Termination Benefits and Change in Control Payments

The Company provides post-termination benefits to the NEOs, including retirement benefits and termination payments if applicable, as well as payments upon a change in control.

Retirement Benefits. The NEOs participate in certain qualified and non-qualified retirement plans, which the Company believes promote executive retention and provide the opportunity for financial security in retirement. These retirement benefits are discussed in more detail in the narrative following the Pension Benefits table (pages 49 to 50) and the Non-Qualified Deferred Compensation table (page 51).

Change in Control Payments. Our 2010 Performance Incentive Plan provides for the vesting and acceleration of certain elements of compensation immediately upon a change in control. The 2015 Performance Incentive Plan includes a double-trigger provision for annual incentive awards, equity awards and long-term incentive cash awards, provided that the successor entity continues or assumes the plans and awards or replaces them with substantially similar awards. The details of these provisions are discussed in the Payments upon Change in Control or Termination of Employment section (pages 52 to 55).

Termination Payments. The Severance Pay Plan for Salaried Employees provides an opportunity for financial protection against the unexpected event of an involuntary termination of employment. The details of this plan are discussed in the Payments upon Change in Control or Termination of Employment section (pages 52 to 55).

Other Considerations

Stock Ownership Guidelines and Prohibition on Hedging

The Compensation Committee has established stock ownership guidelines under which executives are expected to hold common stock until their termination of employment in an amount equal to a multiple of salary, as determined by their position. If the stock price declines, executives may hold the fixed number of shares based on the stock price at program commencement. The Compensation Committee set the guidelines as 12 times base salary for salary band A, six times base salary for salary band B and four times base salary for salary band D.

Stock ownership includes shares over which the executive has direct or indirect ownership or control, including RSUs and restricted stock. We expect executives to meet their ownership guidelines within five years of becoming subject to the guidelines (or three years from a subsequent promotion date and resulting increase in ownership requirements). As of December 31, 2015, all of our NEOs substantially exceeded their stock ownership requirements.

We do not permit our NEOs to engage in hedging activities with respect to our shares. Further, our NEOs do not pledge their Altria shares.

Clawback Policy Regarding the Adjustment or Recovery of Compensation

We have a clawback policy providing for the adjustment or recovery of compensation in certain circumstances. If the Board or an appropriate committee of the Board determines that, as a result of a restatement of our financial statements, an executive received more compensation than would have been paid absent the incorrect financial statements, the Board or its committee, in its discretion, will take such action as it deems necessary or appropriate to address the events that gave rise to the restatement and to prevent its recurrence. Such action may include, to the extent permitted by applicable law, in appropriate cases, requiring partial or full reimbursement of any bonus or other incentive compensation paid to the executive, causing the partial or full cancellation of RSUs or restricted stock awards, adjusting the future compensation of such executive and dismissing or taking legal action against the executive, in each case as the Board or its committee determines to be in the best interests of the Company and our shareholders. Our RSUs and restricted stock award agreements also include clawback provisions.

Tax and Accounting Considerations

In addition to our executive compensation objectives and design principles, we consider tax and accounting treatment when designing and administering our program. An important tax consideration is Internal Revenue Code Section 162(m), which limits our ability to deduct compensation paid to each covered officer for tax purposes to $1.0 million annually. Covered officers include the principal executive officer and the Company s next three highest paid executive officers, other than the Company s principal financial officer.

However, this limitation does not apply to performance-based compensation, provided we satisfy certain conditions. We have taken appropriate actions, to the extent feasible, to preserve the deductibility of annual and long-term cash incentive awards and equity awards. The Annual Incentive Awards and grants of RSUs that the Compensation Committee awarded to our covered officers in 2015 were subject to, and made in accordance with, previously implemented performance-based compensation arrangements that were intended to qualify as tax-deductible.

The Compensation Committee does not believe compensation decisions should be necessarily constrained by how much compensation is deductible for federal income tax purposes. As a result, the Compensation Committee has authorized, and retains the discretion to authorize, other payments that may not be deductible if it believes that they are in the best interests of the Company and our shareholders. Such determinations include, for example, payment of a salary to an officer that exceeds $1.0 million, with the result that a portion of such officer s salary exceeds the deductibility limit. Similarly, a covered officer s compensation may exceed the $1.0 million deductibility limit due to other elements of annual compensation, such as vesting of certain stock grants, dividends or dividend equivalents paid on certain stock and perquisites.

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Compensation Tables

Summary Compensation Table

The following table provides the compensation information of our NEOs for 2015, 2014 and 2013. The table does not show compensation information for Messrs. Gifford and Dillard prior to 2015 because they were not NEOs in those years.

				Non-Equity Incentive Plans				
Name and Principal Position	Year	Salary ($)	Stock Awards Grant Value [1] ($)	Annual Incentive ($)	Long-Term Incentive Plan [2] ($)	Change in Pension Value [3] ($)	All Other Compensation [4] ($)	Total ($)
Martin J. Barrington,	2015	1,333,333	5,600,071	3,500,000		2,606,735	256,229	13,296,368
Chairman, Chief Executive Officer and	2014	1,241,667	5,250,206	2,950,000		2,629,203	249,914	12,320,990
President, Altria Group, Inc.	2013	1,191,667	[illegible]	[illegible]	[illegible]	2,659,445	297,555	20,139,967
William F. Gifford, Jr.,	2015	594,167	2,650,282	900,000		650,130	76,596	4,871,175
Executive Vice President and Chief								
Financial Officer, Altria Group, Inc.								

Howard A. Willard,	2015	780,333	3,1501,500,000	998,455	106,113	6,235,452
Executive Vice President and Chief	2014	676,833	1,650,0948,000	1,190,965	99,460	4,525,312
Operating Officer, Altria Group, Inc.	2013	646,700	1,650,0882,02,000	370,599	95,332	7,790,339
Denise F. Keane,	2015	912,667	1,6501,289,000	390,030	125,311	4,428,297
Executive Vice President and General	2014	890,500	1,6501,017,000	854,996	125,805	4,658,355
Counsel, Altria Group, Inc.	2013	858,333	1,6501,058,07,000	537,596	116,371	9,785,408
Craig A. Johnson,	2015	871,833	1,2751,460,000	660,369	111,585	4,019,283
President and Chief Executive Officer,	2014	850,833	1,275,0920,000	1,283,591	117,879	4,487,395
Altria Group Distribution Company	2013	822,267	1,275,1294,07,000	296,127	113,109	8,824,332
James E. Dillard,	2015	530,833	1,710,8475,000		115,458	2,832,136
Senior Vice President, Regulatory						
Affairs and Chief Innovation Officer,						
Altria Client Services LLC						
David R. Beran,	2015	154,833	142,700	1,276,400	2,942,398	4,516,331
Former President and Chief Operating	2014	925,500	1,7001,300,000	1,672,612	177,430	5,775,542
Officer, Altria Group, Inc.	2013	901,683	1,9001,408,53,000		189,359	10,044,382

(1) The amount shown is the grant date fair value of stock awards determined pursuant to FASB Codification Topic 718. The assumptions used by the Company in calculating these amounts are incorporated herein by reference to Note 2 to the Company s consolidated financial statements in the 2015 Annual Report on Form 10-K.

(2) The LTIP uses three-year, end-to-end performance cycles. The Company pays executives in a lump sum cash award only after the end of the three-year performance cycle, based on an assessment of overall corporate and individual performance during the entire award cycle. End-to-end performance cycles result in LTIP compensation shown in this column for 2013 only, and not for 2014 or 2015.

The table below reflects the 2014 and 2015 allocation at target of the 2014 2016 LTIP cycle, which will conclude on December 31, 2016. This target amount will be adjusted based on actual business and individual performance at the end of the three-year plan period. There is no guarantee of any payment under the plan.

Year	**Martin J. Barrington ($)**	**William F. Gifford, Jr. ($)**	**Howard A. Willard ($)**	**Denise F. Keane ($)**	**Craig A. Johnson ($)**	**James E. Dillard ($)**	**David R. Beran ($)**
2015	3,375,000	1,146,048	1,600,000	1,832,000	1,750,000	401,250	300,334
2014	3,125,000	643,750	1,364,000	1,792,000	1,712,000	382,500	1,858,000

(3) The amounts show the change in the present value of each NEO s pension benefits from December 31, 2014 to December 31, 2015. The change in 2015 is due to a variety of factors, including growth in benefit due to additional pay and service (except that Mr. Dillard s benefit increases for additional pay, but not additional service), passage of time, and a change in the discount rate. The present value of Mr. Dillard s aggregate pension benefit decreased $4,109 during 2015.

(4) Details of other compensation for each of the NEOs appear in the All Other Compensation table shown below.

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EXECUTIVE COMPENSATION

All Other Compensation

Name	Year	Allocation to Defined Contribution Plans [(a)] ($)	Personal Use of Company Aircraft [(b)] ($)	Car Expenses [(c)] ($)	Financial Counseling Services [(d)] ($)	Security ($)	Executive Physicals ($)	Payments in Regard to Termination of Employment [(e)] ($)	Total ($)
Martin J. Barrington	2015	133,333	122,278			618			256,229
	2014	124,167	125,287			460			249,914
	2013	119,167	177,833			555			297,555
William F. Gifford, Jr.	2015	59,417		17,179					76,596
Howard A. Willard	2015	78,033		18,016	6,764		3,300		106,113
	2014	67,683		18,477	10,000		3,300		99,460
	2013	64,670		17,362	10,000		3,300		95,332
Denise F. Keane	2015	91,267		20,744	10,000		3,300		125,311
	2014	89,050		23,455	10,000		3,300		125,805
	2013	85,833		17,238	10,000		3,300		116,371
Craig A. ohnson	2015	87,183		19,417	4,985				111,585
	2014	85,083		23,921	5,575		3,300		117,879
	2013	82,227		24,747	2,835		3,300		113,109
ames E. Dillard	2015	87,575		22,063	2,520		3,300		115,458
David R. eran	2015	26,203	13,008	3,326				2,899,861	2,942,398
	2014	92,550	64,937	16,643			3,300		177,430
	2013	90,168	75,824	20,067			3,300		189,359

(a) Amounts represent Company allocations to tax-qualified and non-qualified supplemental defined contribution plans.

(b) Mr. Barrington is required to use Company aircraft for all air travel for reasons of security and to maximize efficiency of his time. Pursuant to a time-sharing agreement with the Company, Messrs. Barrington and Beran agreed to reimburse the Company for annual personal aircraft usage in excess of $200,000 and $100,000, respectively. Mr. Beran s time-sharing agreement expired upon Mr. Beran s retirement effective March 1, 2015. Following Mr. Beran s retirement, the aggregate allowance was reduced to $250,000, which is allocated to Mr. Barrington.

Personal use of Company aircraft reflects incremental costs, including trip-related crew hotels and meals, in-flight food and beverages, landing and ground handling fees, hourly maintenance contracts, hangar or aircraft parking, fuel (based on the average monthly cost of fuel per hour flown) and other smaller variable costs. For purposes of calculating incremental costs, the Company includes the incremental costs of any deadhead flights, or portions thereof, made in connection with personal travel. Fixed costs incurred in any event to operate Company aircraft (e.g., aircraft purchase costs, depreciation, maintenance not related to personal trips and flight crew salaries) are not included. Messrs. Barrington and Beran pay their own taxes on imputed taxable income resulting from personal use of Company aircraft.

(c) Car expenses include the annual cost of providing a leased vehicle and operating expenses, including insurance, maintenance and repairs. Executives pay their own taxes on imputed taxable income resulting from personal use of Company cars. Mr. Barrington continues to decline this benefit.

(d) Effective January 1, 2016, the Company discontinued reimbursement for financial counseling services.

(e) The amount shown reflects payments made to Mr. Beran related to his retirement and includes prorated awards of $2,055,230 and $844,631 for his 2013 and 2014 restricted stock grants, respectively.

Grants of Plan-Based Awards during 2015

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards [1] Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units [2] (#)	Grant Date Fair Value of Stock Awards [2] ($)
Martin J. Barrington	2015		2,025,000	10,000,000		
	1/28/2015				102,650	5,600,071
William F. Gifford, Jr.	2015		579,500	10,000,000		
	1/28/2015				27,500 [a]	1,500,263
	1/28/2015				21,080	1,150,019
Howard A. Willard	2015		760,000	10,000,000		
	1/28/2015				27,500 [a]	1,500,263
	1/28/2015				30,250	1,650,289

	2015	870,200	10,000,000		
Denise F. Keane	1/28/2015			30,250	1,650,289
	2015	831,250	10,000,000		
Craig A. Johnson	1/28/2015			23,380	1,275,496
	2015	321,000	10,000,000		
James E. Dillard	1/28/2015			18,340 [(a)]	1,000,539
	1/28/2015				