

Corporate Governance Guidelines
Altria Group, Inc.

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Corporate Governance Guidelines
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A. ROLE AND RESPONSIBILITY OF THE BOARD

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

B. BOARD COMPOSITION, STRUCTURE AND POLICIES

1. *Board Size*

The Nominating, Corporate Governance and Social Responsibility Committee makes recommendations to the Board concerning the appropriate size of the Board. The Board believes that the quality of the individuals serving on the Board and the overall balance of the Board is more important than the number of members.

2. *Independence of Directors*

The Board shall be comprised of a substantial majority of directors that meet the independence requirements under New York Stock Exchange listing standards and these Corporate Governance Guidelines. The Board shall annually make an affirmative determination as to the independence of each director following a recommendation by the Nominating, Corporate Governance and Social Responsibility Committee and a review of all relevant information. The Board has established categorical standards to assist it in making such determinations. Such standards are set forth in Annex A hereto.

3. *Annual Election of Directors*

All directors are elected annually by the Company’s stockholders. Each year the Board recommends a slate of directors for election by stockholders at the Annual Meeting of Stockholders. In an uncontested election, each director shall be elected by a vote of the majority of the votes cast with respect to that director-nominee’s election at a meeting for the election of directors at which a quorum is present. If there are more nominees for election than the number of directors to be elected, one or more of whom are properly proposed by shareholders, a nominee for director shall be elected by a plurality of the votes cast in such election. The Board’s recommendations are based on the recommendations of the Nominating, Corporate Governance and Social Responsibility Committee.

Any incumbent director nominated for re-election as director who is not re-elected in accordance with Article II, Section 4 of the Corporation’s By-Laws shall offer promptly in writing to submit his or her resignation to the Board of Directors. The Nominating, Corporate Governance and Social Responsibility Committee will consider the offer and recommend to the full Board whether to accept the offer. The full Board will consider all factors it deems relevant to the best interests of the Corporation, make a determination and publicly disclose its decision and rationale within 90 days after certification of the election results.

Any director who offers to resign pursuant to this provision shall not participate in the Nominating, Corporate Governance and Social Responsibility Committee's recommendation or Board of Directors' action regarding whether to accept the resignation offer; provided, however, that if each member of the Nominating, Corporate Governance and Social Responsibility Committee fails to receive a sufficient vote for re-election, then the independent directors who did receive a sufficient vote shall appoint a committee to consider the resignation offers and recommend to the Board of Directors whether to accept them. If the only directors who receive a sufficient vote for re-election constitute three or fewer directors, then all directors may participate in the action regarding whether to accept the resignation offers. An incumbent director who has offered to resign pursuant to this Section B.3 shall promptly submit such resignation upon the Board of Director's acceptance of such offer. If a resignation offer is accepted or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors may fill the resulting vacancy pursuant to Article II, Section 6 of the Corporation's By-Laws or decrease the size of the Board of Directors.

4. *Vacancies*

Under the By-Laws, the Board may fill vacancies in existing or new director positions. Such directors elected by the Board serve only until the next Annual Meeting of Stockholders when they must stand for election by the stockholders.

5. *Board Membership Criteria*

The Nominating, Corporate Governance and Social Responsibility Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members. In evaluating the suitability of individuals for Board membership, the Committee takes into account many factors, including 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 experience. The Committee evaluates each individual in the context of the Board as a whole, with the objective of recommending a group of directors that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a director for re-election, the Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

6. *Limitation on Number of Management Directors*

The Board believes that it is generally preferable that the Chief Executive Officer be the only member of management who serves as a member of the Board. The Board may from time to time determine that it is appropriate to nominate a second member of management to the Board.

7. *Chairman of the Board and Chief Executive Officer*

The Board believes that it is important to retain its flexibility to allocate the responsibilities of the positions of the Chairman of the Board (the "Chairman") and Chief Executive Officer in the way that it believes is in the best interest of the Company. The Board currently believes that it is in the best

interest of the Company not to split the positions and that the Chief Executive Officer should also serve as the Chairman.

8. *Presiding Director*

The non-management directors annually elect one independent director to be the Presiding Director. The Presiding Director is identified in the Company's proxy statement and on its website. The Presiding Director's responsibilities are to:

- Preside over executive sessions of the non-management directors and at all meetings at which the Chairman is not present;
- Call meetings of the non-management directors as he or she deems necessary;
- Serve as a liaison between the Chairman and the non-management 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 Chief Executive Officer and the results of the evaluation of his performance; and
- Be available for consultation and communication if requested by major stockholders.

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

9. *Change in Primary Employment*

Any non-management director who retires or changes his or her primary employment must tender his or her written resignation to the Board of Directors. The resignation shall be subject to acceptance by the Board of Directors and effective at the time specified by the Board. The Nominating, Corporate Governance and Social Responsibility Committee shall evaluate the continued appropriateness of Board membership under the new circumstances and recommend to the full Board whether to accept the resignation. Any director who tenders his or her resignation pursuant to this provision shall not participate in the Nominating, Corporate Governance and Social Responsibility Committee's recommendation or Board's action regarding whether to accept the resignation. If the Board determines that continued service by such non-management director is in the best interests of the Company, the Board has the discretion not to accept the resignation.

10. *Conflicts of Interest*

If a director develops an actual, apparent or potential conflict of interest, the director should report the matter promptly to the Nominating, Corporate Governance and Social Responsibility Committee for evaluation and appropriate resolution.

If a director has a direct or indirect personal interest in a matter before the Board, the director shall disclose the interest to the full Board, shall recuse himself or herself from participation in the discussion, and the matter shall not be approved unless it receives the affirmative vote of a majority of the directors or the appropriate committee who have no direct or indirect personal interest in the matter.

11. Limitations on Other Board Service

Each director is expected to ensure that other commitments do not interfere with the discharge of his or her duties as a director of the Company. Consequently, directors should not serve on more than three other public company boards. Directors are expected to inform the Chairman and the Chair of the Nominating, Corporate Governance and Social Responsibility Committee upon becoming a director of any other public company or becoming a member of the audit committee of any other public company. The Nominating, Corporate Governance and Social Responsibility Committee and the Board will take into account the nature and extent of an individual's other commitments when determining whether it is appropriate to nominate such individual for election or re-election as a director. Service on boards and committees of other organizations should be consistent with the Company's conflict of interest policies. If a member of the Audit Committee serves on more than three audit committees of public companies, the Board shall determine whether such public service would impair the ability of such member to effectively serve on the Audit Committee.

12. No Limitations on Terms; Retirement Age

The Board does not believe in term limits for non-management directors because it would deprive the Board of Directors or members who have developed, through valuable experience over time, an increasing insight into the Company and its operations.

With respect to retirement, a non-management director who will have attained the age of 75 as of the date of the next annual meeting at which such director is to stand for election shall tender his or her written resignation to the Board of Directors at least six months prior to such annual meeting. The resignation shall be subject to acceptance by the Board of Directors and effective at the time specified by the Board. The Nominating, Corporate Governance and Social Responsibility Committee will consider the resignation and recommend to the full Board whether to accept the resignation. Any director who tenders his or her resignation pursuant to this provision shall not participate in the Nominating, Corporate Governance and Social Responsibility Committee's recommendation or Board's action regarding whether to accept the resignation.

If the Board determines that continued service by such non-management director is in the best interests of the Company, the Board has the discretion not to accept the resignation. In the event that the Board determines not to accept the resignation, the non-management director shall tender his or her resignation annually thereafter in the manner specified above.

A management director must resign from the Board upon ceasing to be an officer of the Company, and in any event, must resign upon reaching the age of 65.

13. Director Orientation and Continuing Education

The Company provides an orientation process for new directors, including a review of background material on the Company, a briefing on key issues facing the Company and meetings with senior management. On a continuing basis, directors receive presentations on the Company's strategic and business plans, financial performance, legal and regulatory matters, Code of Conduct and compliance programs and other matters. Periodically, the Board meets with senior management and visits facilities at the Company's operating companies. Directors are encouraged, at the Company's

expense, to take advantage of continuing education opportunities that will enhance their ability to fulfill their responsibilities.

14. Director Communications with Third Parties

The Board believes that senior management speaks for the Company and the Chairman speaks for the Board. Inquiries about the Company by stockholders, analysts, the press, media and other constituencies are to be referred to management. Individual directors may from time to time meet with or communicate with various constituencies with which the Company is involved. It is expected that Board members would do this with the knowledge of management and, absent unusual circumstances or as otherwise contemplated by these Guidelines, only at the request of management.

15. Communications with the Board

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

C. BOARD MEETINGS

1. Frequency of Meetings

The Board holds regular meetings typically during the months of January, February, May, August, October and December, and special meetings are held when necessary. The May meeting follows the Annual Meeting of Stockholders and is the organizational meeting at which officers, members and chairs of Board committees and the Presiding Director are elected.

2. Strategic Plan Review

The Board meets each year to review the Company's long-term strategic plan.

3. Attendance at Meetings

Directors are expected to prepare themselves for and to attend all Board meetings, the Annual Meeting of Stockholders and the meetings of the Committees on which they serve, with the understanding that on occasion a director may be unable to attend a meeting.

4. *Information Flow and Distribution of Meeting Materials*

Various materials are distributed to the Board on a continuing basis throughout the year and reports and presentations are made at Board and Committee meetings to keep the Board informed on an ongoing basis of the performance of the Company and its businesses, their future plans (including acquisitions, divestitures and capital expenditures), the various issues that they face, and new developments. The materials for each Board meeting are distributed in advance of the meetings to give directors an opportunity to review such materials prior to the meeting in order to facilitate active and informed discussion at the meeting.

5. *Agendas*

The Chairman proposes the agenda for each meeting of the Board in consultation with the Presiding Director who approves the agenda taking into account suggestions from other members of the Board.

6. *Access to Management and Independent Advisors*

Board members have unrestricted access to management. The Board and each Committee of the Board have the authority to retain independent legal, accounting and other experts and consultants to advise the Board and the Committees as they may deem appropriate.

7. *Executive Sessions*

Non-management directors meet in executive session at each Board meeting without any members of management being present. At least once each year, the Board will hold an executive session at which only those directors who meet the independence standards of the New York Stock Exchange are present. The Presiding Director presides over the executive sessions.

D. COMMITTEES OF THE BOARD

1. *Committees and Responsibilities*

Pursuant to the Company's By-Laws, the Board may establish committees from time to time to assist it in the performance of its responsibilities. There are currently six Board Committees:

- a. *Audit Committee.* The Committee monitors the Company's financial reporting processes and systems of internal accounting control, the independence and the performance of the independent auditors, and the performance of the internal auditors.
- b. *Compensation Committee.* The Committee is responsible for discharging the Board's responsibilities relating to executive compensation, including determining the compensation of the Chief Executive Officer, producing an annual compensation committee report on executive compensation to be included in the Company's proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission, and reviewing the succession plans for the Chief Executive Officer and other senior executives.
- c. *Executive Committee.* The Committee has authority to act for the Board during intervals between Board meetings to the extent permitted by law.

- d. *Finance Committee.* The Committee monitors the financial condition of the Company, oversees the sources and uses of cash flow and the investment of employee benefit plan assets and advises the Board with respect to financing needs, dividend policy, share repurchase programs and other financial matters.
- e. *Nominating, Corporate Governance and Social Responsibility Committee.* The Committee is responsible for identifying individuals qualified to become Board members, recommending a slate of nominees for election at each annual meeting of stockholders, making recommendations to the Board concerning the appropriate size, function, needs and composition of the Board and its Committees, developing and recommending to the Board the Company's corporate governance guidelines, overseeing the evaluation of the Board and its Committees and overseeing the Company's public affairs, corporate reputation and societal alignment strategies.
- f. *Innovation Committee.* The Committee is responsible for assisting the Board in its oversight of the strategic goals and objectives of the Company's research, development and engineering programs and technological initiatives.

A full description of the responsibilities of each of the Committees is set forth in the Committee charters that are published on the Company's website.

The Board may, from time to time, establish or maintain additional committees as it deems necessary or appropriate.

2. *Membership and Chairs of Committees*

Based upon the recommendation of the Nominating, Corporate Governance and Social Responsibility Committee, the Board elects the members and Chairs of each Committee at its annual organizational meeting following the Annual Meeting of Stockholders.

The members of the Audit, Compensation and Nominating, Corporate Governance and Social Responsibility Committees shall consist only of those directors whom the Board determines meet the New York Stock Exchange independence requirements and who meet the additional requirements for committee membership of the New York Stock Exchange and any other applicable laws, rules and regulations and the Committee charters. At least one member of the Audit Committee shall be an "audit committee financial expert" as such term is defined in regulations of the Securities and Exchange Commission.

The Board does not favor mandatory rotation of Committee assignments or Chairs. The Board believes that experience and continuity are more important than rotation.

3. *Committee Agendas, Meetings and Reports to the Board*

The Chair of each Committee, in consultation with the other Committee members, shall set meeting agendas and determine the frequency and length of Committee meetings. Each Committee reports its actions and recommendations to the Board.

E. PERFORMANCE EVALUATION AND SUCCESSION PLANNING

1. *Annual Evaluation of the Chief Executive Officer*

The Compensation Committee shall establish annual and long-term financial and strategic goals and objectives for the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of these goals and objectives, and determine and approve the compensation of the Chief Executive Officer based on this evaluation. The Compensation Committee will review with the Board its evaluation of the Chief Executive Officer's performance and its determination of the Chief Executive Officer's compensation. The Chair of the Compensation Committee and the Presiding Director will communicate this evaluation to the Chief Executive Officer.

2. *Succession Planning*

The Board believes that executive officer succession is one of its most important responsibilities. The Compensation Committee is responsible for reviewing and assisting with the development of executive succession plans, evaluating and making recommendations to the Board regarding potential candidates to become Chief Executive Officer, and evaluating and approving candidates to fill other senior executive positions. At least annually, the Chairman and Chief Executive Officer meets with the Compensation Committee to discuss his or her successor and the procedure for the timely and efficient transfer of his or her responsibilities in the event of an emergency or his or her sudden incapacitation, departure or death. The Chairman and Chief Executive Officer also meets with the Compensation Committee at least annually to discuss the performance rankings of key members of the Company's senior management. These matters are regularly communicated to the full Board of Directors by the Chair of the Compensation Committee.

The Chairman and Chief Executive Officer also annually reviews with the full Board of Directors any succession issues relating to key members of the Company's senior management.

3. *Board and Committee Self-Evaluations*

The Nominating, Corporate Governance and Social Responsibility Committee is responsible for developing and recommending to the Board and overseeing an annual self-evaluation process for the Board and for the Audit, Compensation, Nominating, Corporate Governance and Social Responsibility and other Committees of the Board. The Board will discuss the results of the self-evaluations to determine whether the Board and its Committees are functioning effectively and whether any actions should be taken to improve their effectiveness.

F. BOARD COMPENSATION

The Nominating, Corporate Governance and Social Responsibility Committee periodically benchmarks director compensation against the proxy peer group and general industry data, considers the appropriateness of the form and amount of director compensation and makes recommendations to the Board concerning such compensation with a view toward attracting and retaining qualified directors.

The Board believes that a substantial portion of director compensation should consist of equity-based compensation to assist in aligning directors' interests with the long-term interests of stockholders.

Stock ownership guidelines further align the interests of the Board of Directors 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 hold the requisite number of shares until retirement. The ownership requirement may be satisfied with all beneficially owned shares, including restricted shares, restricted stock units, deferred shares and share equivalents.

The minimum number of shares to be held by directors will be determined on the first trading day of each calendar year based on the closing price of the Company's common stock on that day on the New York Stock Exchange. Subsequent changes in the value of the shares will not affect the number of shares directors should hold during that year.

Employees of the Company serving as directors shall not receive any additional compensation for service on the Board.

G. CONFIDENTIAL VOTING

It is the Company's policy to hold the votes of each stockholder in confidence from directors, officers and employees except: (a) as necessary to meet applicable legal requirements and to assert or defend claims for or against the Company, (b) in case of a contested proxy solicitation, (c) if a stockholder makes a written comment on the proxy card or otherwise communicates his or her vote to management, or (d) to allow the independent inspectors of election to certify the results of the vote. It is also the Company's policy to retain an independent tabulator to receive and tabulate the proxies and independent inspectors of election to certify the results.

Annex A
(Corporate Governance Guidelines)

Categorical Standards of Director Independence

A director is considered independent if the Board makes an affirmative determination after a review of all relevant information that the director has no material relationship (either directly or as a partner, shareholder or officer of an organization that has a relationship) with the Company or any of its subsidiaries. The Board has established the categorical standards set forth below to assist it in making such determinations.

- 1) A director will not be considered independent if the director:
 - (i) is, or within the last three years has been, employed by the Company or any of its subsidiaries;
 - (ii) has an immediate family member who is, or within the last three years has been, employed as an executive officer of the Company or any of its subsidiaries;
 - (iii) receives, or during any twelve-month period within the last three years has received, more than \$120,000 per year in direct compensation from the Company or its subsidiaries other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
 - (iv) has an immediate family member who receives, or during any twelve-month period within the last three years has received, more than \$120,000 per year in direct compensation as an executive officer of the Company other than pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
 - (v) is a current partner or current employee of the independent auditors of the Company or any of its subsidiaries;
 - (vi) has an immediate family member who is a current partner of the independent auditors of the Company or any of its subsidiaries, or is a current employee of such firm and participates in its audit, assurance or tax compliance (but not tax planning) practice;
 - (vii) has within the last three years (but is no longer) a partner or employee of the independent auditors of the Company or any of its subsidiaries and personally worked on the audit of the Company or any of its subsidiaries within that time;
 - (viii) has an immediate family member who was within the last three years (but is no longer) a partner or employee of the independent auditors of the Company or any of its subsidiaries and personally worked on the audit of the Company or any of its subsidiaries within that time;
 - (ix) is, or within the last three years has been, employed as an executive officer of another company where any of the current executive officers of the Company serve, or within the last three years have served, on such other company's compensation committee;
 - (x) has an immediate family member who is, or within the last three years has been, employed as an executive officer of another company where any of the current executive officers of the Company serve, or within the last three years have served, on such other company's compensation committee;
 - (xi) is a current employee of a company that has made payments to, or received payments from, the Company or its subsidiaries for property or services in an amount which, in any single fiscal year for the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues; or
 - (xii) has an immediate family member who is a current executive officer of a company that has made payments to, or received payments from, the Company or its subsidiaries for property or services in an amount which, in any single fiscal year for the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

2. Relationships of the following types will not be considered material relationships that would impair a director's independence:
- (i) charitable donations or pledges made by the Company or its subsidiaries to a charitable organization of which a director is, or within the last three years has been, an executive officer, director, trustee or the equivalent in an amount that, in any single fiscal year, does not exceed the greater of \$1 million or 2% of such charitable organization's consolidated gross revenues;
 - (ii) commercial relationships in which a director (or a member of his or her immediate family) is a director, officer, employee or significant stockholder of an entity with which the Company has ordinary course business dealings that do not, or with which the Company has a commercial banking, investment banking or insurance brokerage relationship, in each case that does not, cross the bright-line tests in Sections 1(xi) and 1(xii) above and where the director (or immediate family member) is not directly responsible for or involved in the entity's business dealings with the Company;
 - (iii) membership in, or association with, the same professional association, social, educational, fraternal or religious organization, club or institution, as an executive officer or another director of the Company;
 - (iv) service on the board of another company at which an executive officer or another director of the Company also serves as a board member, except as set forth in Section 1(ix) and 1(x) above; and
 - (v) employment by a director at another company, or service on the board of another company by a director, where the independent auditor for such other company is also the independent auditor for the Company.