

ALTRIA GROUP, INC.  
Form DEF 14A  
April 04, 2019  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

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

**Altria Group, Inc.**

(Name of Registrant as Specified In Its Charter)  
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

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:
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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:
-

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6601 West Broad Street  
Richmond, Virginia 23230

**Dear Fellow Shareholder:**

I am pleased to invite you to join us at the 2019 Annual Meeting of Shareholders of Altria Group, Inc. to be held on Thursday, May 16, 2019 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 Altria's independent registered public accounting firm and, if properly presented, two shareholder proposals. We will also conduct a non-binding advisory vote on the compensation of Altria's named executive officers. We will report on our 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 73 (Question 17).** One immediate family member who is 21 years of age or older may accompany a shareholder as a guest.

Under the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials to their shareholders over the Internet, we mail to many shareholders a Notice of Internet Availability of Proxy Materials, rather than a paper copy of this Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. We believe this expedites shareholders receiving proxy materials, lowers costs and conserves natural resources. 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 4, 2019**

Sincerely,

**Howard A. Willard III**

Chairman and Chief Executive Officer

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### Notice of 2019 Annual Meeting of Shareholders of Altria Group, Inc.

#### **Date and Time**

Thursday, May 16, 2019  
at 9:00 a.m., Eastern Time

#### **Place**

The Greater Richmond  
Convention Center  
403 North 3rd Street  
Richmond, Virginia 23219

#### **Who can vote**

You are entitled to vote if you were a shareholder of record at the close of business on March 25, 2019.

#### **Important Notice**

#### **Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 16, 2019**

Altria's Notice of  
Annual Meeting, Proxy  
Statement and Annual  
Report on Form 10-K  
for the fiscal year  
ended December 31,  
2018 are available,  
free of charge, at  
[www.altria.com/proxy](http://www.altria.com/proxy).

#### **Items of Business**

- 1) To elect as directors the 11 nominees named in the accompanying Proxy Statement.  
To ratify the selection of PricewaterhouseCoopers LLP as Altria's independent registered public
- 2) accounting firm for the fiscal year ending December 31, 2019.  
To hold a non-binding advisory vote to approve the compensation of Altria's named executive
- 3) officers.
- 4) To vote on two shareholder proposals, if properly presented at the meeting.

Shareholders will also transact other business properly coming before the meeting.

#### **Board Recommendation**

**FOR** each director nominee

**FOR**

**FOR**

**AGAINST** each shareholder  
proposal

#### **Voting**

We strongly encourage 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 73 (Question 17) of the accompanying Proxy Statement.

#### **2018 Annual Report**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 accompanies this Proxy Statement.

#### **Date of Distribution**

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This Notice, the Proxy Statement and proxy card are first being made available or mailed to shareholders on or about April 4, 2019.  
**By Order of the Board of Directors,**

**W. Hildebrandt Surgner, Jr.**

Vice President, Corporate Secretary  
and Associate General Counsel

**April 4, 2019**

Richmond, Virginia

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Altria Group, Inc. 2019 Annual Meeting of Shareholders Pre-Registration Form

www.altria.com

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**Proxy Statement Summary**

This summary highlights information about Altria Group, Inc. (“Altria,” “we,” “our” or “us”) and certain information contained elsewhere in this proxy statement (“Proxy Statement”) for Altria’s 2019 Annual Meeting of Shareholders (the “2019 Annual Meeting” or the “meeting”). This summary does not contain all 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**

<b>Election of Directors</b>	<b>Ratification of the Selection of Independent Registered Public Accounting Firm</b>	<b>Non-Binding Advisory Vote to Approve the Compensation of Our Named Executive Officers</b>	<b>Shareholder Proposal Regarding Reducing and Disclosing Nicotine Levels in Cigarette Brands</b>	<b>Shareholder Proposal Regarding Disclosure of Lobbying Policies and Practices</b>
The Board recommends a vote <b>FOR</b> each nominee.	The Board recommends a vote <b>FOR</b> this Proposal.	The Board recommends a vote <b>FOR</b> this Proposal.	The Board recommends a vote <b>AGAINST</b> this Shareholder Proposal.	The Board recommends a vote <b>AGAINST</b> this Shareholder Proposal.
See page 16.	See page 24.	See page 60.	See page 61.	See page 63.

**Casting Your Vote**  
**How to Vote**

<b>Internet</b>	<b>Mobile Device</b>	<b>Telephone</b>	<b>Mail</b>	<b>In Person</b>
<p><b>If your shares are registered in your name with Computershare, Altria’s transfer agent (Record Holders), or you are voting shares held through Employee Benefit Plans</b></p> <p>www.envisionreports.com/altria</p> <p><b>If you hold your shares through a broker, bank or other nominee (Street Name Holders)</b></p> <p>www.proxyvote.com</p>	<p>Scan the QR Code above to vote using your mobile device.</p>	<p>Within the United States, U.S. Territories and Canada, call toll-free: 1-800-652-VOTE (8683).</p>	<p>Complete, sign and mail your proxy card or voting instruction form in the self-addressed envelope provided.</p>	<p>For instructions on attending the 2019 Annual Meeting in person, please see Question 17 on page 73. Tickets are required for admission.</p>



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## PROXY STATEMENT SUMMARY

**2018 Business Highlights**

Altria had excellent performance in 2018, and we continued to reward shareholders by returning a significant amount of cash through dividends. We also took proactive steps that we believe uniquely position Altria for long-term success through investments in fast-growing, adjacent categories. Highlights from 2018 include the following:

We continued to deliver against our long-term financial goals of growing adjusted diluted earnings per share (“EPS<sup>(1)</sup>”) at an average annual rate of 7% to 9% and maintaining a dividend payout ratio target of approximately 80% of our adjusted diluted EPS.

Full-year adjusted diluted EPS, which excludes the impact of special items, grew 17.7%.

We paid approximately \$5.4 billion in dividends in 2018. Our Board of Directors (“Board of Directors” or “Board”) raised the regular quarterly dividend twice in 2018. Combined, Altria’s dividend per share grew 21.2% last year.

In 2018, we repurchased approximately \$1.67 billion of our shares, at an average price of \$60.00 per share.

**Adjusted Diluted EPS** (12/31/15 - 12/31/18)

**Dividend Payments** (\$ millions)

**Share Repurchases** (\$ millions)

Our core tobacco businesses delivered consistent results against their strategies, while making additional investments to strengthen their businesses for the long term.

The strategy for the smokeable products segment is to maximize income while maintaining momentum on *Marlboro* and *Black & Mild* over time across key brand metrics, including equity, demographics, profitability and retail share. Philip Morris USA Inc. (“PM USA”) stabilized *Marlboro* retail share, which remained unchanged compared to fourth quarter 2017.

The smokeless products segment grew adjusted operating companies income (“OCI<sup>(2)</sup>”) by 7.5%. The smokeable products segment’s adjusted OCI declined slightly by 0.8%.

In wine, Ste. Michelle Wine Estates Ltd.’s (“Ste. Michelle”) adjusted OCI declined by 28.8%, primarily driven by higher costs and lower shipment volumes. Ste. Michelle was impacted by the decline of the premium wine category.

Adjusted diluted EPS is a financial measure 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 (1) non-GAAP financial measures to the most directly comparable GAAP financial measures.

Adjusted OCI is a financial measure 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 (2) financial measures.

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PROXY STATEMENT SUMMARY

**Smokeable Adjusted OCI** (\$ millions)

**Smokeless Adjusted OCI** (\$ millions)

**Wine Adjusted OCI** (\$ millions)

In e-vapor, we announced in December 2018 the discontinuation of production and distribution of all e-vapor products based upon the current and expected financial performance of these products, coupled with regulatory restrictions that burden its ability to quickly improve these products.

In heat-not-burn, PM USA continued to build its commercialization plans for IQOS, which it will have the exclusive right to sell in the U.S. upon U.S. Food and Drug Administration (“FDA”) authorization.

In December 2018, we announced strategic investments in JUUL Labs, Inc. (“JUUL”), the U.S. leader in e-vapor, and Cronos Group Inc. (“Cronos”), a leading global cannabinoid company, that we expect will give us exposure to new growth opportunities and further diversify our future income streams.

For more information regarding our 2018 performance, please review our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (“2018 Form 10-K”).

As a result of the January 1, 2018 adoption of Accounting Standards Update No. 2017-07, *Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, certain immaterial prior-year OCI amounts have been restated.

Altria Group, Inc. – Proxy Statement

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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 16.

Name	Age	Director Since	Principal Occupation	Independent	Board Committee Membership <sup>(1)</sup>					
					AC	CC	EC	FC	IC	NC
<b>John T. Casteen III</b>	75	2010	President Emeritus, University of Virginia	Yes						
<b>Dinyar S. Devitre</b>	71	2008	Former Chief Financial Officer, Altria Group, Inc. Chairman, President and Chief Executive Officer,	Yes				Chair		
<b>Thomas F. Farrell II</b> <sup>(2)</sup>	64	2008	Dominion Energy, Inc. Retired President and Chief Executive Officer,	Yes						
<b>Debra J. Kelly-Ennis</b>	62	2013	Diageo Canada, Inc. Retired Chief Executive Officer,	Yes						
<b>W. Leo Kiely III</b>	72	2011	MillerCoors LLC Retired Executive Vice	Yes		Chair				
<b>Kathryn B. McQuade</b>	62	2012	President and Chief Financial Officer, Canadian Pacific Railway Limited	Yes						Chair
<b>George Muñoz</b>	67	2004	Principal, Muñoz Investment Banking Group, LLC and Partner, Tobin & Muñoz	Yes						