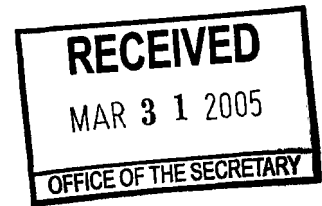




Altria

Altria Group, Inc.
120 Park Avenue, New York, NY 10017
(917) 663-4000



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March 28, 2005

Mr. Jonathan Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Re: File No 4-497

Dear Mr. Katz:

We appreciate the opportunity to respond to the Securities and Exchange Commission's request soliciting feedback regarding the experiences of registrants, accounting firms and others in implementing the internal control requirements under Section 404 of the Sarbanes-Oxley Act of 2002.

While we fully agree with the legislative intent of the Sarbanes-Oxley Act of 2002, implementation has been a costly exercise and has been hindered by a lack of definition and clarity surrounding the detailed regulations. Based upon our experience to date, our comments are as follows:

1. The underlying criterion against which management assesses the effectiveness of the internal control over financial reporting is the "*Internal Control-Integrated Framework*" issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Although this framework, published in September 1992, is one of the few recognized authoritative publications in the area of internal controls, it does not incorporate recent advancements in corporate governance and audit committee requirements. In particular the framework does not emphasize areas of concern that gave rise to the Sarbanes-Oxley legislation such as a detailed review of the corporate "tone at the top".

The intent of Sarbanes-Oxley Section 404 is to prevent aggressive, fraudulent and manipulative financial reporting. Because of COSO's heavy reliance on transaction controls, the PCAOB standards are oriented toward identifying items that are indicative of poor accounting practices. To more completely align its approach with that of the underlying legislation, we believe that the PCAOB should re-balance its effort to incorporate more emphasis on corporate "tone at the top", as well as measures to prevent and detect fraud, while placing less emphasis on prescriptive testing of transaction controls.

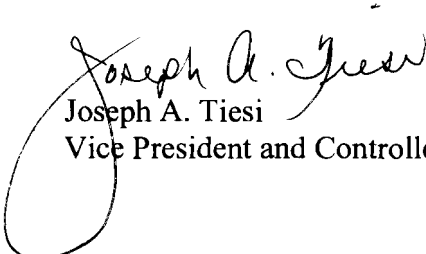
2. The standards as published by the PCAOB are written as “rules” rather than “principles”. As a result, the approach to implementation tends to focus on adherence to detailed regulations. The intent of the legislation may be lost when reduced to a set of rules without considering the broader, more conceptual principles originally envisioned. A substantial part of the work in complying with Section 404 of the Sarbanes-Oxley Act of 2002 is tied into rigid interpretations by the public accounting industry of some very rules-based pronouncements. This has had the effect of diminishing the role of professional judgment in the public accountants’ determination of control adequacy.
3. As the PCAOB standard is currently defined, each year’s efforts to support management and external auditor certifications stand in isolation; no reliance can be placed upon the work performed in the previous period. Given that internal controls are a process, greater reliance should be allowed for the effort performed across periods. Less strict adherence to the reporting period would allow for a more accurate depiction of potential deficiencies (i.e., it would eliminate a category of deficiency that has been addressed but not in place long enough to test within a given fiscal period) and would allow for greater rotation of testing emphasis and greater use of risk assessment in establishing testing plans.
4. Since the external auditors are in fact providing two opinions, one as to management’s design and evaluation of internal controls and a second as to their opinion on internal controls, duplication of time and effort is incurred by the external auditor and management. We doubt that the benefit gained is worth the effort expended. Accordingly, we believe that the external auditor should only be evaluating management’s process, rather than performing the level of testing necessary to render a separate, duplicative opinion.
5. During the course of evaluating any system of internal control, deficiencies either in the design or operation of a control may arise. PCAOB guidance as to reportable conditions, materiality and significance as to such deficiencies have been defined at such a low level that significant time is spent evaluating items that are of little concern to a company’s overall system of internal controls. This effectively creates a situation wherein management and the public accountants, if not careful, can be left unable to see the forest for the trees.
6. Finally, the PCAOB’s issuance of authoritative guidance in 2004 was very late in terms of our SOX 404 testing requirements. For us, this resulted in extensive effort and duplication of work that had been performed prior to the publication of the guidance. Considering this, we urge the Commission to move cautiously in responding to feedback. While we support reform of the SOX 404 requirements, we also believe that changes promulgated too late in the year will have the near-term effect of complicating, rather than streamlining, the SOX 404 process. Accordingly, we believe that any required revisions should be applicable to internal controls reporting for 2006 and beyond, with earlier adoption permitted.

Mr. Jonathan Katz

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Thank you for this opportunity to comment on our experience implementing the internal control requirements under Section 404 of the Sarbanes-Oxley Act of 2002. If you would like to further discuss any of our comments, please do not hesitate to contact me at (917) 663-4000.

Yours very truly,



Joseph A. Tiesi
Vice President and Controller