

UNIVERSAL CORP /VA/
Form PRE 14A
June 12, 2007

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 Pursuant to §240.14a-12

UNIVERSAL CORPORATION

(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:

(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:

ANNUAL MEETING OF SHAREHOLDERS

June 28, 2007

Dear Shareholder:

You are cordially invited to attend the 2007 Annual Meeting of Shareholders of Universal Corporation, which is to be held in our headquarters building located at 1501 North Hamilton Street, Richmond, Virginia, on Tuesday, August 7, 2007, commencing at 2:00 p.m. Eastern Time. At the Annual Meeting, you will be asked to elect four directors to serve three-year terms, to approve the Universal Corporation 2007 Stock Incentive Plan, and to approve amendments to our Amended and Restated Articles of Incorporation.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the Annual Meeting. You can vote by signing, dating, and returning the enclosed proxy card or voting instruction. Also, registered shareholders and participants in plans holding shares of our common stock may vote by telephone or over the Internet. Instructions for using these convenient services are set forth in the instructions for voting that are attached to the enclosed proxy card or voting instruction. Beneficial owners of shares of our common stock held in street name through a bank or brokerage account should follow the enclosed instructions for voting their shares. I hope you will be able to attend the Annual Meeting, but even if you cannot, please vote your shares as promptly as possible.

Sincerely,

/s/

ALLEN B. KING

Chairman and Chief Executive Officer

Universal Corporation

P.O. Box 25099

Richmond, Virginia 23260

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of Universal Corporation will be held in our headquarters building located at 1501 North Hamilton Street, Richmond, Virginia, on Tuesday, August 7, 2007, at 2:00 p.m. Eastern Time, for the following purposes:

- (1) to elect four directors to serve three-year terms;
 - (2) to approve the Universal Corporation 2007 Stock Incentive Plan;
 - (3) to approve amendments to our Amended and Restated Articles of Incorporation:
 - (a) to eliminate the requirement of a shareholder vote in those circumstances where the Virginia Stock Corporation Act otherwise permits the Board of Directors to take action without a shareholder vote;
 - (b) to revise the indemnification and limitation on liability provisions; and
 - (c) to make certain technical amendments to our Articles of Incorporation described in detail in this Proxy Statement; and
 - (4) to act upon such other matters as may properly come before the meeting or any adjournments thereof.
- Only holders of record of shares of our common stock at the close of business on June 19, 2007, shall be entitled to vote at the meeting.

By Order of the Board of Directors,

/s/
PRESTON D. WIGNER
Secretary

June 28, 2007

PROXY STATEMENT

FOR ANNUAL MEETING OF SHAREHOLDERS

UNIVERSAL CORPORATION

TO BE HELD AUGUST 7, 2007

APPROXIMATE DATE OF MAILING JUNE 28, 2007

QUESTIONS AND ANSWERS FOR ANNUAL MEETING

Q: Who is eligible to vote?

A: You may vote if you owned shares of Universal Corporation common stock, which we refer to as Common Stock, on June 19, 2007, the record date established by the Board of Directors under Virginia law for determining shareholders entitled to notice of and to vote at the 2007 Annual Meeting of Shareholders, which we refer to as the Annual Meeting. We had outstanding as of the record date, [_____] shares of Common Stock, each of which is entitled to one vote. Only shareholders of record of Common Stock at the close of business on June 19, 2007, will be entitled to vote.

In March and April 2006, we issued shares of Series B 6.75% Convertible Perpetual Preferred Stock, which we refer to as the Preferred Stock. Shares of Preferred Stock have voting rights under certain circumstances. We believe that none of those circumstances exist with respect to the Annual Meeting, so shares of Preferred Stock have no voting rights with respect to matters presented in this Proxy Statement.

Q: Who is asking for my vote and why are you sending me this document?

A: We are providing this Proxy Statement and related proxy card or voting instruction to our shareholders in connection with the solicitation by the Board of Directors of proxies to be voted at the Annual Meeting. The Board of Directors asks that you vote on the matters listed in the Notice of Annual Meeting, which are more fully described in this Proxy Statement.

Q: What is a proxy?

A: A proxy is your legal designation of another person to vote the stock you own. If you designate someone as your proxy or proxy holder in a written document, that document also is called a proxy or a proxy card. Allen B. King and David C. Moore have been designated as proxies or proxy holders for the Annual Meeting. Proxies properly executed and received by our Secretary prior to the Annual Meeting and not revoked will be voted in accordance with the terms thereof.

Q: What is a voting instruction?

A: A voting instruction is the instruction form you receive from your bank or broker if you hold your shares of Common Stock in street name. The instruction form instructs you how to direct your record holder to vote your shares of Common Stock.

Q: What will I be voting on at the Annual Meeting?

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A: You will be voting on the following matters:

Election of four directors to serve three-year terms.

Approval of the Universal Corporation 2007 Stock Incentive Plan.

Approval of amendments to our Amended and Restated Articles of Incorporation, which we refer to as our Articles of Incorporation:

to eliminate the requirement of a shareholder vote in those circumstances where the Virginia Stock Corporation Act (the VSCA) otherwise permits the Board of Directors to take action without a shareholder vote,

to amend the indemnification and limitation on liability provisions of the Articles of Incorporation, and

to make certain technical amendments to our Articles of Incorporation described in detail in this Proxy Statement.

Any other business properly raised at the meeting.

We are not aware of any matters that are to come before the Annual Meeting other than the ones described in this Proxy Statement. If other matters do properly come before the Annual Meeting, however, it is the intention of the persons named in the enclosed proxy card to exercise the discretionary authority conferred by the proxy to vote such proxy in accordance with their best judgment.

Q: What vote is needed to elect directors?

A: The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of Common Stock voted in the election of directors.

Q: What vote is needed to approve the Universal Corporation 2007 Stock Incentive Plan?

A: Approval of the Universal Corporation 2007 Stock Incentive Plan requires the affirmative vote of the holders of a majority of the total votes cast on the Universal Corporation 2007 Stock Incentive Plan, provided that the total votes cast on the proposal represents over 50 percent of the outstanding shares of Common Stock.

Q: What vote is needed to approve the proposals to approve the amendments to the Articles of Incorporation?

A: Each of the proposals to approve the amendments to our Articles of Incorporation requires the affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting.

Q: What are the voting recommendations of the Board of Directors?

A: The Board of Directors recommends that shareholders vote **FOR** all of the nominees for director, **FOR** the approval of the Universal Corporation 2007 Stock Incentive Plan, and **FOR** the approval of each of the proposals to amend our Articles of Incorporation.

Q: How do I vote?

A: You may vote

by attending the meeting and voting in person,

by completing, signing, dating, and returning the enclosed proxy card or voting instruction in the self-addressed, stamped envelope provided, or

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by telephone or over the Internet by following the instructions provided on the enclosed proxy card or voting instruction.

Even if you plan to attend the meeting, we encourage you to vote your shares by proxy.

Registered shareholders and participants in plans holding shares of Common Stock are urged to deliver proxies and voting instructions by calling a toll-free telephone number, by using the Internet, or by completing and mailing the enclosed proxy or voting instruction. The telephone and Internet voting procedures are designed to authenticate shareholders and plan participants identities, to allow shareholders and plan participants to give their proxies or voting instructions, and to confirm that such instructions have been recorded properly. Instructions for voting by telephone or over the Internet are set forth on the enclosed proxy card or voting instruction. Registered shareholders and plan participants may also send their proxies or voting instructions by completing, signing, and dating the enclosed proxy or voting instruction and returning it as promptly as possible in the enclosed postage-paid envelope. If your shares are held in street name with your bank or broker, please follow the instructions for voting that are enclosed with this Proxy Statement.

Q: Can I abstain or withhold my vote?

A: You may abstain or (only with respect to the election of directors) withhold your vote with respect to each item submitted for shareholder approval.

Q: Can I change or revoke my vote?

A: A shareholder may change or revoke a proxy at any time prior to its use. Any shareholder who executes a proxy has the power to change or revoke it at any time by:

giving written notice to our Secretary, whose address is on page [] of this Proxy Statement,

executing a proxy dated as of a later date, or

voting in person at the Annual Meeting.

If you voted by telephone or over the Internet, you can also revoke your vote by any of these methods or you can change your vote by voting again by telephone or over the Internet. If you decide to vote by completing, signing, dating, and returning the enclosed proxy card, you should retain a copy of the voter control number found on the proxy card in the event that you decide later to change or revoke your proxy by telephone or over the Internet. Your attendance at the meeting will not itself revoke a proxy.

Q: What if I do not specify a choice for a matter when returning a proxy?

A: Shareholders should specify their choice for each matter on the enclosed proxy. If no specific instructions are given, it is intended that all proxies that are signed and returned will be voted **FOR** all of the nominees for director, **FOR** the approval of the Universal Corporation 2007 Stock Incentive Plan, and **FOR** each of the proposals to approve the amendments to our Articles of Incorporation, and according to the discretion of the proxy holders on any other business proposal properly raised at the meeting.

Q: Will my shares be voted if I do not provide my proxy?

A: It will depend on how your ownership of shares of Common Stock is registered. If you own your shares as a registered holder, which means that your shares of Common Stock are registered in your name, your unvoted shares will not be represented at the meeting and will not count toward the quorum requirement, which is explained under "What constitutes a quorum for the meeting?" below.

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If you own your shares of Common Stock in street name, which means that your shares are registered in the name of your broker or its nominee, your shares may be voted even if you do not provide your broker with voting instructions. Brokers have the authority under the rules of the New York Stock Exchange to vote shares for which their clients do not provide voting instructions on certain routine matters. Except for certain non-routine items for which brokers are prohibited from exercising their discretion, a broker is entitled to vote on matters presented to shareholders without instructions from the beneficial owner.

Based on the rules of the New York Stock Exchange, we believe that the election of directors is a routine matter for which brokerage firms may vote on behalf of their clients if no voting instructions are provided. We believe the approval of the Universal Corporation 2007 Stock Incentive Plan and the approval of the amendments to our Articles of Incorporation are not routine matters for which brokerage firms may vote on behalf of their clients if no voting instructions are provided. It is important, therefore, that you remember to vote your shares.

Q: How are abstentions and broker non-votes counted?

A: Where brokers do not have discretion to vote or do not exercise such discretion, the inability or failure to vote is referred to as a broker non-vote. Under circumstances where a broker is not permitted to, or does not, exercise its discretion, assuming proper disclosure to us of such inability to vote, broker non-votes will not be counted as voting in favor of or against the particular matter. Broker non-votes and withheld votes will not be included in the vote total for the proposal to elect the nominees for director and will not affect the outcome of the vote for this proposal. Under the rules of the New York Stock Exchange, abstentions are counted as votes cast on a proposal, and broker non-votes are not counted as votes cast on a proposal. Thus, broker non-votes will have no effect on the proposal to approve the Universal Corporation 2007 Stock Incentive Plan, provided that the total votes cast on the proposal to approve the Universal Corporation 2007 Stock Incentive Plan represents over 50 percent of the outstanding shares of Common Stock. Broker non-votes will, however, have the same effect as a vote against each of the proposals to approve the amendments to our Articles of Incorporation. Abstentions will have the same effect as a vote against the proposal to approve the Universal Corporation 2007 Stock Incentive Plan and the proposals to approve the amendments to our Articles of Incorporation.

Q: What constitutes a quorum for the Annual Meeting?

A: A majority of the shares entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and shares of record held by a broker or its nominee that are voted on any matter are included in determining the number of votes present. Broker shares that are voted on at least one matter will be counted for purposes of determining the existence of a quorum for the transaction of business at the Annual Meeting. Broker shares that are not voted on any matter will not be included in determining whether a quorum is present.

Q: Where can I find the results of the Annual Meeting?

A: We intend to announce preliminary voting results at the Annual Meeting and disclose final results in our Quarterly Report on Form 10-Q for the second quarter of fiscal year 2008.

Q: Where can I find Universal Corporation's corporate governance materials?

A: Our Corporate Governance Guidelines, including our independence standards for members of the Board of Directors, Code of Conduct, and the charters of the Audit Committee, the Executive Compensation, Nominating, and Corporate Governance Committee, and all other standing committees, are available on our Internet website at <http://phx.corporate-ir.net/phoenix.zhtml?c=89047&p=irol-govHighlights>, and are available in print to any shareholder upon request by contacting us at the following address or phone number:

Universal Corporation

P.O. Box 25099

Richmond, Virginia 23260

Attention: Investor Relations

Telephone: (804) 359-9311

Q: How do I communicate with the Board of Directors?

A: Shareholders and other interested parties may at any time direct communications to the Board of Directors, as a whole, to the director who presides at the executive sessions of the non-management directors, or to any individual member of the Board of Directors, through our Internet website or by contacting our Secretary. The Contact Us/Questions or Comments section of our Internet website at <http://www.universalcorp.com/Include/Menu-ContactUs.asp> contains an e-mail link established for receipt of communications with directors, and communications can also be delivered by mail by sending requests to our Secretary at Universal Corporation, P. O. Box 25099, Richmond, Virginia 23260, Attention: Secretary.

Shareholders making such communications are encouraged to state that they are shareholders and provide the exact name in which their shares of Common Stock are held and the number of shares held. Each individual communicating with the Board of Directors will receive a written acknowledgement from or on behalf of our Secretary after receipt of the communication sent in the manner described above. After screening such communications for issues unrelated to shareholder interests, our Secretary will distribute communications to the intended recipient(s) as appropriate. The process for such screening has been approved by our non-management directors.

Q: Who pays for the solicitation of proxies?

A: We will pay all of the costs associated with the proxy solicitation. Proxies are being solicited by mail and may also be solicited in person or by telephone, facsimile, or other means of electronic transmission by our directors, officers, and employees. We will reimburse banks, brokerage firms, and other custodians, nominees, and fiduciaries for their reasonable expenses in forwarding proxy materials to the beneficial owners of the shares of Common Stock. It is contemplated that additional solicitation of proxies will be made by D. F. King & Co., Inc., 77 Water Street, New York, New York 10005, at an anticipated cost to us of approximately \$5,000, plus reimbursement of out-of-pocket expenses for such items as mailing, copying, phone calls, faxes, and other related matters.

Q: How can I obtain a copy of Universal Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2007?

A: Our 2007 Annual Report to shareholders, which includes a copy of our Annual Report on Form 10-K for the fiscal year ended March 31, 2007 (excluding exhibits) as filed with the Securities and Exchange Commission (the Form 10-K), is being mailed to shareholders with this Proxy Statement.

We will provide without charge to each person to whom this Proxy Statement has been delivered, on the request of any such person, additional copies of our Annual Report on Form 10-K, including the financial statements and financial statement schedules. Requests should be directed to Investor Relations at the address or phone number provided on page [] of this Proxy Statement.

You can also obtain a copy of our Annual Report on Form 10-K for the fiscal year ended March 31, 2007, free of charge through our Internet website at <http://phx.corporate-ir.net/phoenix.zhtml?c=89047&p=IROL-sec>. We make available free of charge through our Internet website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act), as well as reports on Forms 3, 4 and 5 filed by our directors and executive officers pursuant to Section 16 of the Exchange Act, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission. The information on our Internet website is not, and shall not be deemed to be, a part of this Proxy Statement or incorporated into any other filings we make with the Securities and Exchange Commission.

PROPOSAL ONE

ELECTION OF DIRECTORS

The Executive Compensation, Nominating, and Corporate Governance Committee has recommended to our Board of Directors, and our Board of Directors has approved, the four directors set forth below to be elected at the Annual Meeting for terms of three years. Seven other directors have previously been elected to terms expiring in 2008 or 2009, as indicated below. The following pages set forth certain information for each nominee and each incumbent director as of March 31, 2007, except as otherwise noted. All of the nominees and all of the incumbent directors listed below are directors previously elected by the shareholders.

The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of Common Stock cast in the election of directors. With a plurality vote, the nominees that receive the highest vote totals for the director positions up for election will be elected. Unless otherwise specified in the accompanying form of proxy, it is intended that votes will be cast for the election of all of the nominees as directors. If, at the time of the Annual Meeting, any nominee should be unavailable to serve as a director, it is intended that votes will be cast, pursuant to the enclosed proxy, for such substitute nominee as may be nominated by the Board of Directors. Each nominee has consented to being named in this Proxy Statement and to serve if elected.

Nominees for Election Whose Terms Expire in 2007

CHESTER A. CROCKER, 65, is a professor of strategic studies at Georgetown University's Walsh School of Foreign Service (an urban, private research university) and a member of the Board of Directors of the United States Institute of Peace (an independent federal institution). He has held these positions for more than five years. Professor Crocker is a director of ASA Limited. He is a member of the Finance Committee and the Pension Investment Committee. Professor Crocker has been a director since 2004.

CHARLES H. FOSTER, JR., 64, is Chairman Emeritus of LandAmerica Financial Group, Inc. (LandAmerica) (a title insurance holding company). From January 1, 2005 to December 31, 2006, Mr. Foster served as Chairman of LandAmerica and, prior to 2005, he was Chairman and Chief Executive Officer of LandAmerica, positions he held for more than five years. He is Chairman of the Finance Committee and a member of the Executive Committee and the Executive Compensation, Nominating, and Corporate Governance Committee. Mr. Foster has been a director since 1995.

THOMAS H. JOHNSON, 57, retired as Chairman and Chief Executive Officer of Chesapeake Corporation (Chesapeake) (a specialty packaging company) in November 2005, after which he served as Vice Chairman until April 2006. From 2004 until his retirement, Mr. Johnson was Chairman and Chief Executive Officer of Chesapeake and, from 2000 to 2004, he was Chairman, President, and Chief Executive Officer of Chesapeake. Mr. Johnson is a director of Coca Cola Enterprises, Inc. He is a member of the Audit Committee and the Pension Investment Committee and has been a director since 2001.

JEREMIAH J. SHEEHAN, 68, retired as Chairman of the Board and Chief Executive Officer of Reynolds Metals Company (an aluminum and aluminum foil producer) in 2000, having served in those positions since 1996. He is Chairman of the Executive Compensation, Nominating, and Corporate Governance Committee and a member of the Audit Committee and the Executive Committee. Mr. Sheehan has been a director since 1998.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR PROPOSAL ONE.

Incumbent Directors Whose Terms Expire in 2008

ALLEN B. KING, 61, is our Chairman and Chief Executive Officer. Mr. King was elected Chairman on October 28, 2003. Mr. King served as President and Chief Executive Officer from January 1, 2003 until December 12, 2006, at which time George C. Freeman, III was elected President. Prior to becoming President and Chief Executive Officer, Mr. King was our President and Chief Operating Officer, positions he held for more than five years. Mr. King is a director of Circuit City Stores, Inc. He is Chairman of the Executive Committee and a member of the Finance Committee. Mr. King has been a director since 1989.

EDDIE N. MOORE, JR., 59, is President of Virginia State University (an urban, public research university), a position he has held for more than five years. Mr. E. Moore is a director of Owens & Minor, Inc. He is a member of the Audit Committee and the Pension Investment Committee and has been a director since 2000.

HUBERT R. STALLARD, 70, retired as President and Chief Executive Officer of Bell-Atlantic Virginia, Inc., now known as Verizon Virginia Inc. (a telecommunications company), in 2000. Mr. Stallard is Chairman of the Pension Investment Committee and a member of the Executive Committee and the Executive Compensation, Nominating, and Corporate Governance Committee. He has been a director since 1991.

Incumbent Directors Whose Terms Expire in 2009

JOHN B. ADAMS, JR., 62, is President, Chief Executive Officer, and a director of Bowman Companies (a private land development company), positions he has held for more than five years. Mr. Adams is a member of the Audit Committee and the Finance Committee. Mr. Adams has been a director since 2003.

JOSEPH C. FARRELL, 71, retired as Chairman, President, and Chief Executive Officer of The Pittston Company (a mineral products, transportation, and security services company), now known as The Brink's Company, in 1998. He is a director of ASA Limited. Mr. Farrell is a member of the Executive Committee, the Executive Compensation, Nominating, and Corporate Governance Committee, and the Pension Investment Committee. He has been a director since 1996.

WALTER A. STOSCH, 70, is a principal in the accounting firm of Stosch, Dacey & George P.C., a position he has held for more than five years. Prior to that time, he was a partner in the accounting firm of Deloitte & Touche, L.L.P. He currently serves as Senate Majority Leader of the Virginia General Assembly. He is Chairman of the Audit Committee and a member of the Finance Committee. He has been a director since 2000.

EUGENE P. TRANI, 67, is President of Virginia Commonwealth University (an urban, public research university), a position he has held for more than five years. He is a director of LandAmerica. Dr. Trani is a member of the Audit Committee and the Pension Investment Committee and has been a director since 2000.

STOCK OWNERSHIP**Principal Shareholders**

The following table sets forth as of May 25, 2007, certain information with respect to the beneficial ownership of shares of Common Stock by each person or group we know to beneficially own more than 5% of the outstanding shares of such stock.

<i>Name and Address of Beneficial Owner</i>	<i>Number of Shares</i>	<i>Percent of Class (%)¹</i>
Barclays Global Investors, NA.	2,757,108 ²	10.2
Barclays Global Fund Advisors		
45 Fremont Street		
San Francisco, California 94105		
Dimensional Fund Advisors LP	1,772,516 ³	6.6
1299 Ocean Avenue		
Santa Monica, California 90401		
AXA	1,682,340 ⁴	6.2
25, avenue Matignon		
75008 Paris, France		
AXA Assurances I.A.R.D. Mutuelle		
AXA Assurances Vie Mutuelle		
AXA Courtage Assurance Mutuelle		
26, rue Drouot		
75009 Paris, France		
AXA Financial, Inc.		
1290 Avenue of the Americas		
New York, New York 10104		
NFJ Investment Group L.P.	1,503,900 ⁵	5.6
2100 Ross Avenue, Suite 1840		
Dallas, Texas 75201		

¹ The percentages shown in the table are based on 27,026,971 shares of Common Stock outstanding on May 25, 2007.

² As reported on a Schedule 13G filed with the Securities and Exchange Commission on January 23, 2007. The Schedule 13G indicates that Barclays Global Investors, NA, acting as a bank, reported that it held sole voting power over 504,441 shares of Common Stock and sole dispositive power over 567,497 shares of Common Stock, and Barclays Global Fund Advisors, acting as an investment adviser, reported that it held sole voting and dispositive power over 2,189,611 shares of Common Stock. The Schedule 13G states that the shares of

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³ Common Stock reported are held by the reporting persons in trust accounts for the economic benefit of the beneficiaries of those accounts. As reported on a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2007. The Schedule 13G indicates that Dimensional Fund Advisors LP, in its capacity as investment adviser to four investment companies and as investment manager to certain other commingled group trusts and separate accounts, has the sole power to dispose of and to vote the shares of Common Stock that are owned by such companies, trusts and accounts.

⁴ As reported on an amended Schedule 13G filed with the Securities and Exchange Commission on February 13, 2007. The amended Schedule 13G indicates that AXA holds its reported shares as a member of a group, which includes the entities listed above with AXA. Each member of the group, other than AXA Financial, Inc., is reported as holding sole voting power over 1,478,205 shares of Common Stock, shared voting power over 11,495 shares of Common Stock, sole dispositive power over

1,682,290 shares of Common Stock and shared dispositive power over 50 shares of Common Stock. AXA Financial, Inc. is reported as holding sole voting power over 1,461,515 shares of Common Stock, shared voting power over 11,495 shares of Common Stock, and sole dispositive power over 1,638,690 shares of Common Stock. All of the reported shares are held or controlled by investment adviser and insurance company subsidiaries of AXA Financial, Inc.

⁵ As reported on a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2007. The Schedule 13G indicates that NFJ Investment Group L.P., in its capacity as an investment adviser, has the sole power to dispose of and to vote the shares of Common Stock reported on behalf of itself and certain investment advisory clients and discretionary accounts.

Directors and Executive Officers

The following table sets forth as of May 25, 2007, certain information with respect to the beneficial ownership of shares of Common Stock by (i) each director or nominee (each of whom is currently a director), (ii) each executive officer listed in the Summary Compensation Table, the Named Executive Officers, and (iii) all current directors and executive officers as a group.

<i>Name of Beneficial Owner</i>	<i>Number of Shares^{1,2}</i>	<i>Percent of Class³</i>
John B. Adams, Jr.	8,939	*
W. Keith Brewer	13,000	*
Chester A. Crocker	5,700	*
Joseph C. Farrell	26,430	*
Charles H. Foster, Jr.	10,500	*
George C. Freeman, III	48,170	*
Thomas H. Johnson	13,300	*
Allen B. King	320,244	1.2%
David C. Moore	46,360	*
Eddie N. Moore, Jr.	13,642	*
Hartwell H. Roper	27,144	*
Jeremiah J. Sheehan	16,859	*
Hubert R. Stallard	18,813	*
Walter A. Stosch	14,100	*
Eugene P. Trani	12,642	*
Karen M. L. Whelan	42,671	*
All current directors and executive officers as a group (18 persons)	828,663	3.1%

* Percentage of ownership is less than 1% of the outstanding shares of Common Stock.

¹ The number of shares of Common Stock shown in the table includes shares that certain of our directors and executive officers had the right to acquire through the exercise of stock options within 60 days following May 25, 2007, and are in the following amounts: 4,000 shares to Mr. Adams, 13,000 shares to Mr. Brewer, 2,000 shares to Mr. Crocker, 7,000 shares to Mr. Farrell, 4,000 shares to Mr. Foster, 32,798 shares to Mr. Freeman, 7,000 shares to Mr. Johnson, 174,169 shares to Mr. King, 32,500 shares to Mr. D. Moore, 8,000 shares to Mr. E. Moore, 5,833 shares to Mr. Roper, 10,000 shares to Mr. Sheehan, 11,000 shares to Mr. Stallard, 8,000 shares to Mr. Stosch, 6,000 shares to Mr. Trani, and 4,000 shares to Ms. Whelan, and 11,332 shares to other current executive officers not individually listed in the table.

² As of May 25, 2007, Mr. King had 76,177 shares of Common Stock pledged as security. As of the date of this Proxy Statement, those shares are no longer pledged. No other executive officers or directors have pledged shares of Common Stock as security.

³ The percentages shown in the table are based on 27,026,971 shares of Common Stock outstanding on May 25, 2007.

Section 16(a) Beneficial Ownership Reporting Compliance

Our directors and executive officers are required under Section 16(a) of the Exchange Act to file reports of ownership and changes in ownership of Common Stock with the Securities and Exchange Commission. Copies of those reports must also be furnished to us.

Based solely on a review of the copies of reports furnished to us and the written representations of our directors and executive officers, we believe that, during the 2007 fiscal year, all filing requirements applicable to directors and executive officers were satisfied.

CORPORATE GOVERNANCE AND COMMITTEES

General

Our business and affairs are managed under the direction of the Board of Directors in accordance with the VSCA and our Articles of Incorporation and Bylaws. Members of the Board are kept informed of our business through discussions with the Chairman and Chief Executive Officer and other officers, by reviewing materials provided to them, and by participating in meetings of the Board of Directors and its committees. The corporate governance practices we follow are summarized below.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that set forth the practices of the Board of Directors with respect to the qualification and selection of directors, director orientation and continuing education, director responsibilities, Board of Directors composition and performance, director access to management and independent advisors, director compensation, management evaluation and succession, evaluation of the Board of Directors performance, and various other issues. The Corporate Governance Guidelines are available to shareholders and the public free of charge under the Investor/Corporate Governance section of our Internet website at <http://phx.corporate-ir.net/phoenix.zhtml?c=89047&p=irol-govGuidelines>. A printed copy is available to any shareholder free of charge upon written request to us at the address provided on page [] of this Proxy Statement.

Code of Ethics

The Board of Directors has adopted a Business Ethics Policy applicable to our directors, officers, and employees and the directors, officers, and employees of each of our subsidiaries and controlled affiliates. The Business Ethics Policy satisfies the New York Stock Exchange requirements for a Code of Business Conduct and Ethics and the Securities and Exchange Commission definition of a Code of Ethics for Senior Financial Officers. The Business Ethics Policy addresses such topics as protection and proper use of company assets, compliance with applicable laws and regulations, accuracy and preservation of records, accounting and financial reporting, conflicts of interest, and insider trading. The Business Ethics Policy is available to shareholders and the public free of charge under the Investor/Corporate Governance/Highlights section of our Internet website at <http://phx.corporate-ir.net/phoenix.zhtml?c=89047&p=irol-govHighlights>. A printed copy is available to any shareholder free of charge upon written request to us at the address provided on page [] of this Proxy Statement.

Director Independence

The Board of Directors, in its business judgment, has determined that each member of the Board of Directors except Mr. King, our Chairman and Chief Executive Officer, is independent as defined by the New York Stock Exchange listing standards and our Corporate Governance Guidelines. In reaching this conclusion, the Board of Directors evaluated each director in light of the specified independence tests set forth in the New York Stock Exchange listing standards. In addition, the Board of Directors considered whether we and our subsidiaries conduct business and have other relationships with organizations of which certain members of the Board of Directors or members of their immediate families are or were directors or officers. There were no such business or relationships during the 2007 fiscal year.

Executive Sessions

The independent directors of the Board of Directors meet in executive session at least annually without management or employee directors present. The independent directors designate the director who will preside at the executive session. For fiscal year 2007, the independent directors designated Mr. Stallard as the presiding director. The presiding director is responsible for advising the Chairman and the Chief Executive Officer of the outcome of any decisions reached or suggestions made at these sessions. Executive sessions where non-employee directors meet on an informal basis may be scheduled either before or after each regularly scheduled Board of Directors meeting.

Communications with Directors

Interested parties may at any time direct communications to the Board of Directors, as a whole, to the director who presides at the executive sessions of the non-management directors, or to any individual member of the Board of Directors, through our Internet website or by contacting our Secretary. The Contact Us/Questions or Comments section of our Internet website at <http://www.universalcorp.com/Include/Menu-ContactUs.asp> contains an e-mail link established for receipt of communications with directors, and communications can also be delivered by mail by sending requests to our Secretary at Universal Corporation, P. O. Box 25099, Richmond, Virginia 23260, Attention: Secretary.

Shareholders making such communications are encouraged to state that they are shareholders and provide the exact name in which their shares of Common Stock are held and the number of shares held. Each individual communicating with the Board of Directors will receive a written acknowledgement from or on behalf of our Secretary after receipt of the communication sent in the manner described above. After screening such communications for issues unrelated to shareholder interests, our Secretary will distribute communications to the intended recipient(s) as appropriate. The process for such screening has been approved by our non-management directors.

Board and Committee Meeting Attendance

In the 2007 fiscal year, there were seven meetings of the Board of Directors. Each director attended 75% or more of the total number of meetings of the Board of Directors and of the committees on which he served.

Committees of the Board

The standing committees of the Board of Directors are the Executive Committee, the Audit Committee, the Executive Compensation, Nominating, and Corporate Governance Committee, the Finance Committee, and the Pension Investment Committee.

Executive Committee

The Executive Committee has the authority to act for the Board of Directors on most matters during the intervals between Board of Directors meetings. The members of the Executive Committee are Messrs. King (Chairman), Farrell, Foster, Sheehan, and Stallard. The Executive Committee met six times during the 2007 fiscal year.

Audit Committee

The responsibilities of the Audit Committee include the review of the scope and the results of the work of the independent registered public accounting firm and internal auditors, the review of the adequacy of internal accounting controls, and the selection, appointment, compensation, and oversight of our independent registered public accounting firm. The Audit Committee operates under a written charter last amended by the Board of Directors on April 19, 2007. The Audit Committee's charter is available under the Investor/Corporate Governance/Committees section of our Internet website at <http://phx.corporate-ir.net/phoenix.zhtml?c=89047&p=irol-govCommittee&Committee=1769>.

The members of the Audit Committee are Messrs. Stosch (Chairman), Adams, Johnson, E. Moore, Sheehan, and Trani. The Board of Directors has determined that each of the Audit Committee members is independent as defined under the applicable independence standards set forth in regulations of the Securities and Exchange Commission and the New York Stock Exchange listing standards. The Board of Directors has also determined that all of the Audit Committee members are financially literate as

defined by the New York Stock Exchange listing standards. In accordance with the applicable regulations of the Securities and Exchange Commission, the Board of Directors has further determined that the Audit Committee contains at least one audit committee financial expert as defined by such regulations Walter A. Stosch, the Chairman of the Audit Committee. The fact that the Board of Directors did not identify additional Audit Committee members as audit committee financial experts does not in any way imply that other members do not meet that definition.

The Audit Committee met nine times during the 2007 fiscal year. Additional information with respect to the Audit Committee is discussed below under Audit Information on page [] of this Proxy Statement.

Executive Compensation, Nominating, and Corporate Governance Committee

The members of the Executive Compensation, Nominating, and Corporate Governance Committee are Messrs. Sheehan (Chairman), Farrell, Foster, and Stallard.

The Executive Compensation, Nominating, and Corporate Governance Committee, which we refer to as the Compensation Committee, performs the responsibilities of the Board of Directors relating to compensation of our executives. The Compensation Committee's responsibilities include reviewing and setting or approving corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executive officers, evaluating the performance of the Chief Executive Officer and our other executive officers in light of those goals and objectives, and determining and approving compensation levels for the Chief Executive Officer and our other executive officers based on this evaluation; making recommendations to the Board of Directors with respect to annual and long-term incentive compensation plans; evaluating the performance of, and determining the salaries, incentive compensation, and executive benefits for senior management; and administering our equity-based and other executive compensation plans.

The Chairman of the Compensation Committee works with our Chief Administrative Officer to establish the agenda for Compensation Committee meetings. The Chief Administrative Officer and management personnel reporting to him prepare data and materials for review by the Compensation Committee using market data from both broad-based and targeted national and regional compensation surveys. Competitive industry analysis is enhanced through review of peer company proxy data, professional research consortiums, and nationally recognized compensation databases provided by the Compensation Committee's external compensation consultant.

The Compensation Committee periodically meets with the Chief Administrative Officer and other members of executive management in order to assess progress toward meeting long-term objectives approved by the Board of Directors. The Compensation Committee reviews the performance and compensation of the Chief Executive Officer with input from both the full Board of Directors and the Chief Executive Officer's self evaluation. The Compensation Committee approves the compensation of the other executive officers, based upon the evaluation and recommendation of the Chief Executive Officer. Where it deems appropriate, the Compensation Committee engages its independent compensation consultant or other appropriate advisors to analyze compensation trends and competitiveness of pay packages and to support the Compensation Committee's duty to establish each of the executive officer's targeted overall compensation levels.

The Compensation Committee reports regularly to the Board of Directors on matters relating to the Compensation Committee's responsibilities. In addition, the Compensation Committee follows regulatory and legislative developments and considers corporate governance best practices in performing its duties. For additional information regarding the compensation-related activities of the Compensation Committee, see Compensation Discussion and Analysis and Report of Executive Compensation, Nominating, and Corporate Governance Committee on pages [] and [] of this Proxy Statement.

The Board of Directors has determined that the members of the Compensation Committee are non-employee directors (within the meaning of Rule 16b-3 of the Exchange Act), outside directors (within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code)) and independent directors (as defined under the applicable New York Stock Exchange listing standards and our corporate governance guidelines). In addition, no Compensation Committee member is a current or former employee of ours or any of our subsidiaries. While the Compensation Committee's charter does not specify qualifications required for members, Messrs. Sheehan, Farrell, Foster and Stallard have each been members of other public company boards of directors and are each former chief executive officers of public companies. The Compensation Committee met six times during the 2007 fiscal year.

The Compensation Committee also acts as our nominating committee. The Compensation Committee develops qualifications for director candidates, recommends to the Board of Directors persons to serve as directors, and monitors developments in, and makes recommendations to the Board of Directors concerning, corporate governance practices. The Compensation Committee operates under a written charter last amended by the Board in April 2007. The Compensation Committee's charter is available under the Investor/Corporate Governance/Committees section of our Internet website at <http://phx.corporate-ir.net/phoenix.zhtml?c=89047&p=irol-govCommittee&Committee=1770>.

The Compensation Committee considers candidates for Board of Directors membership suggested by its members and by management, and the Compensation Committee will also consider candidates suggested informally by our shareholders. Shareholders entitled to vote for the election of directors may submit candidates for formal consideration by the Compensation Committee in connection with an Annual Meeting if we receive timely written notice, in proper form, for each such recommended director nominee. If the notice is not timely and in proper form, the nominee will not be considered by the Compensation Committee. To be timely for the 2008 Annual Meeting, the notice must be received within the time frame set forth in *Proposals for 2008 Annual Meeting* on page [] of this Proxy Statement. To be in proper form, the notice must include each nominee's written consent to be named as a nominee and to serve if elected, and information about the shareholder making the nomination and the person nominated for election. These requirements are more fully described in our Bylaws and Corporate Governance Guidelines.

The Compensation Committee does not differentiate between Board of Directors candidates submitted by Board of Directors members or those submitted by shareholders with respect to evaluating candidates. All Board of Directors candidates are considered based upon various criteria, such as their broad-based business skills and experience, prominence, and reputation in their profession, their global business and social perspective, concern for the long-term interests of the shareholders, knowledge of our industry or related industries, and personal and professional integrity, ethics, and judgment—all in the context of an assessment of the perceived needs of the Board of Directors at that point in time. Because the needs of the Board of Directors change from time to time, the Compensation Committee has not established specific minimum qualifications that must be met by potential new directors. The Board of Directors, however, believes that as a matter of policy there should be a substantial majority of independent directors on the Board of Directors.

Finance Committee

The Finance Committee has the responsibility of establishing our financial policies and controlling our financial resources. The members of the Finance Committee are Messrs. Foster (Chairman), King, Adams, Crocker, and Stosch. The Finance Committee met once during the 2007 fiscal year.

Pension Investment Committee

The Pension Investment Committee establishes the investment policies, selects investment advisors and portfolio managers, and monitors the performance of investments of the pension plans, the retirement plans, and other qualified employee benefit plans of Universal Leaf and our other U.S. subsidiaries. The members of the Pension Investment Committee are Messrs. Stallard (Chairman), Crocker, Farrell, Johnson, E. Moore, and Trani. The Pension Investment Committee met five times during the 2007 fiscal year.

Annual Meeting Attendance

We expect and encourage each member of the Board of Directors to attend annual meetings of shareholders when it is reasonably practical for the director to do so. All of the directors attended the 2006 Annual Meeting.

DIRECTORS COMPENSATION

[To be included in the Definitive Proxy Statement]

EXECUTIVE COMPENSATION

[To be included in the Definitive Proxy Statement]

CERTAIN TRANSACTIONS

Our Board of Directors has adopted a related person transaction policy that governs the review, approval or ratification of covered related person transactions. Our Audit Committee manages this policy. The policy generally provides that we may enter into a related person transaction only if the Audit Committee approves or ratifies such transaction in accordance with the guidelines set forth in the policy and if:

the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party;

the transaction is approved by the disinterested members of the Board of Directors; or