


PHILIP MORRIS COMPANIES INC.

INTER-OFFICE CORRESPONDENCE

1341 G STREET, N.W., SUITE 900, WASHINGTON, DC 20005

TO: Distribution

DATE: May 14, 1999

FROM: John F. Scruggs 

RE: Labor Management Committee

We have reached final agreement with BCT&GM and IAM on reconstituting the Labor Management Committee. Attached hereto is the 1999 budget we negotiated. The numbers reflect annual retainers which will be prorated for the remainder of this year, with an anticipated start up date of June 1, 1999. We also agreed to pay the January and February 1999 invoices submitted by the old Labor Management Committee.

The companies rejected labor requests for 1) a guaranteed 10% increase in the budget for each of the next three years, 2) retroactive retainer payments for March, April and May of this year, and 3) continuation of the newly negotiated budget for 12 months rather than just through the end of 1999.

Please note the Articles of Incorporation and new Bylaws prepared by David Baker at Thompson, Hine & Flory. The new Tobacco Industry Labor / Management Committee will be a Virginia Non-Stock Corporation. Baker plans to file the requisite documents on Tuesday, May 18.

The Committee will be directed by a Board of Directors, with representatives from BCT&GM, IAM, Lorillard, B&W and Philip Morris. A decision needs to be made on the one Philip Morris appointee to the board.

The Committee will be managed on a day to day basis by Harry Kaiser as Chairman and Walter Woodson as Secretary Treasurer. Although legally employees, they will receive no benefits. All other individuals will act as consultants only.

Please let me know as soon as possible if you have any questions or concerns regarding these materials.

Attachments

Distribution

Berlind, Mark

Laufer, David

Liebengood, Howard

Merlo, Ellen

Nicoli, David

Parrish, Steve

Scully, Tim

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