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**PHILIP MORRIS MANAGEMENT CORP.**  
**INTER-OFFICE CORRESPONDENCE**  
120 PARK AVENUE, NEW YORK, NY 10017-5592

TO: All 120 Park, 100 Park, Rye Brook Employees  
DATE: January 10, 2000  
FROM: David Laufer  
Vice President, State Government Affairs  
SUBJECT: New York State Excise Tax

Last month I asked all Philip Morris employees in New York State to call or e-mail Governor Pataki and their elected state representatives to voice opposition to a proposed increase in the State's cigarette excise tax.

Despite serious opposition from several groups, including business groups, state retail organizations and local county governments, the New York State legislature approved a 55-cent per pack hike in the cigarette tax on December 29 as part of a \$9 billion health care funding bill.

Governor Pataki has signed the bill, giving New York the highest cigarette tax in the nation -- \$1.11 per pack -- as of March 1.

I want to thank all PM employees who took the time to communicate their opposition to the Governor and the legislature. Regardless of outcome, it is always vital that our voice be heard on those issues that can have a substantial impact on our business.

The bad news, you know. The good news is that this first test of our legislative e-mail link on the Philip Morris Web site was a success. Many of us were able to communicate with the Governor and with our own, individual State representatives quickly and easily. This system for sharing our concerns with elected officials is an important new tool, one that is bound to play a decisive role in the near future as we continue to make our voice heard in Washington, D.C. and in state legislatures around the country.

Thank you again for your efforts on behalf of your company.