

PHILIP MORRIS COMPANIES INC.**INTER-OFFICE CORRESPONDENCE**

120 PARK AVENUE, NEW YORK 10017-5592

TO: Distribution**DATE:** November 10, 1998**FROM:** Frank T. Toscano**SUBJECT:** **1999 ORIGINAL BUDGET PRESENTATION FOR THE
JANUARY 27, 1999 BOARD OF DIRECTORS MEETING**

Enclosed is the agenda for the Board presentation of the 1999 Original Budget. This year's presentation should focus on the principal profitable growth initiatives driving our base business and our geographic progress in international markets. An integral part of the presentation will continue to be slides of product shots, advertising, merchandising efforts, new geographies, etc. Please use the format of last year to include:

- Focus discussion on 1999 projected business results; minimum discussion of 1998 results.
- Include an IFO variance analysis (1999 vs. 1998) clearly explaining why IFO is changing. A format for this analysis is attached.
- Identify what countries/products are the key IFO contributors.
- A comparison of your 1999 budget IFO to the 1999 year reported in the latest five-year plan and explanation of any variance.
- An explanation of significant pro/cons for your 1999 budget.

Bill Webb will do the introduction followed by Bob Eckert, John Bowlin, Jack MacDonough, Mike Szymanczyk and Andreas Gembler. Louis Camilleri will present an overview of the corporation from operating income down to earnings per share. Bill will then conclude the presentation. The entire presentation should take no more than 50 minutes. The time allocated to your individual presentation is shown on the enclosed agenda. Please stay within this time allotment so we can keep the total presentation on schedule.

Rich Cautero and his department will closely coordinate with you the preparation of the presentation. All slides, except product shots will be prepared here so adequate lead time is required. Please submit a first draft of your speech and hard copies of your slides to Rich Cautero by January 4, 1999.

Rehearsals are scheduled on:

January 13	-	10:00 a.m. - 12:00 p.m.
January 19	-	2:30 p.m. - 4:30 p.m.
January 22	-	2:30 p.m. - 4:00 p.m. (LCC ONLY)
January 25	-	3:00 p.m. - 4:30 p.m.

Should you have any questions, do not hesitate to contact Rich Cautero or me.

FTT:ls
Enclosures



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