



# PHILIP MORRIS

COMPANIES INC.

120 PARK AVENUE, NEW YORK, N.Y. 10017-5592 · TELEPHONE (212) 880-5000

March 13, 1996

**PRIVILEGED AND CONFIDENTIAL**

TO: The Board of Directors of Philip Morris Companies Inc.

FROM: Murray H. Bring *MB*

RE: **REPORTED LIGGETT SETTLEMENT**

As you undoubtedly read in this morning's press, it is reported that Bennett LeBow, on behalf of Liggett, has entered into a settlement agreement with the plaintiffs' attorneys in Castano, and is close to reaching an agreement with four of the five Attorneys General in the Medicaid cases. We have not as yet received a copy of either agreement. However, we have preliminarily analyzed the substance of these agreements, based upon newspaper reports, and are convinced that the settlements would not make sense for Philip Morris or for other members of the industry. We believe that LeBow decided to pursue this course of action in the hope that it would strengthen his position in the pending proxy contest for control of the RJR Board of Directors.

This morning, we issued a press release, a copy of which is attached. I am also attaching a copy of the press release that Reynolds issued. I understand that Lorillard and Brown & Williamson have made similar comments.

We will give you a more complete report on this situation at the Board meeting later this month. In the meantime, if any of you has questions concerning this matter, please do not hesitate to call.

Attachment

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