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THE PHILIP MORRIS COMPANIES INC. POLITICAL ACTION COMMITTEE  
120 Park Avenue  
New York, NY 10017

*Democracy is not a Spectator Sport*

December 26, 1996

Mr. Richard Ng  
Reports Analyst  
Reports Analysis Division  
Federal Elections Commission  
999 E Street, NW  
Washington, DC 20463

Re: Philip Morris Companies Inc. Political Action Committee  
FEC Identification No. C00089136

Dear Sir:

This letter responds to your letter dated December 11, 1996, inquiring into certain items contained in the June Monthly Report (5/1/96 - 5/31/96) of the Philip Morris Companies Inc. Political Action Committee ("PHIL-PAC"). As you requested via telephone on December 23, 1996, an explanation of the items in question is provided below and in the accompanying documentation. A copy of the relevant pages of the Report, as corrected, is enclosed.

**Item #1: Contributions for 1996 Primaries that were disbursed after the elections had occurred, as reported on Schedule B supporting Line 23**

**Friends of Sam Johnson** - contribution made 5/3/96 in the amount of \$500.

Explanation: PHIL-PAC designated this contribution for Sam Johnson's General Election, as shown in the enclosure, not for the Primary election as shown in the Report. The contribution thus was not made after the election for which it was designated had occurred. A correction has been made to the enclosed Schedule.

**Mascara for Congress** - contribution made on 5/3/96 in the amount of \$500.

Explanation: PHIL-PAC originally reported this contribution as having been designated for Mr. Mascara's Primary election, but the candidate's committee refunded the contribution to PHIL-PAC in August. PHIL-PAC reported receipt

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of the refund in its September Monthly Report (8/1/96 - 8/30/96). A copy of the relevant page of the September Monthly Report is enclosed.

**Keep McDade in Congress Committee** - contribution made on 5/17/96 in the amount of \$1,000.

Explanation: PHIL-PAC has not received a refund of this contribution from the candidate's committee, nor has it been requested by the candidate's committee to redesignate this contribution. PHIL-PAC has contacted the candidate's committee to confirm the disposition of the contribution (for instance, whether it has been used for debt reduction or applied toward the General Election). As of the date of this letter, PHIL-PAC has not received a response to its inquiries. PHIL-PAC will inform the FEC and make any necessary corrections to its Monthly Report upon receiving word from the candidate's committee.

**Pryce for Congress** - contribution made on 5/3/96 in the amount of \$500.

Explanation: PHIL-PAC has not received a refund of this contribution from the candidate's committee, nor has it been requested by the candidate's committee to redesignate this contribution. PHIL-PAC has contacted the candidate's committee to confirm the disposition of the contribution (for instance, whether it has been used for debt reduction or applied toward the General Election). As of the date of this letter, PHIL-PAC has not received a response to its inquiries. PHIL-PAC will inform the FEC and make any necessary corrections to its Monthly Report upon receiving word from the candidate's committee.

**Keep Nick Rahall in Congress Committee** - contribution made on 5/17/96 in the amount of \$1,000.

Explanation: PHIL-PAC originally designated and reported this contribution for the candidate's Primary election contribution. The candidate's committee contacted PHIL-PAC in June to request redesignation of the contribution for the General election. PHIL-PAC redesignated the contribution as requested. The redesignation is indicated on the attached schedule.

**Friends of Bennie Thompson** - contribution made on 5/17/96 in the amount of \$1,000.

Explanation: PHIL-PAC has not received a refund of this contribution from the candidate's committee, nor has it been requested by the candidate's

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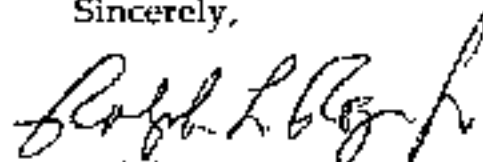
committee to redesignate this contribution. PHIL-PAC has contacted the candidate's committee to confirm the disposition of the contribution (for instance, whether it has been used for debt reduction or applied toward the General Election). As of the date of this letter, PHIL-PAC has not received a response to its inquiries. PHIL-PAC will inform the FEC and make any necessary corrections to its Monthly Report upon receiving word from the candidate's committee.

Item #2: Payment by PHIL-PAC on 5/13/96 of \$1,955.17 to Philip Morris Management Corp. ("PMMC") for "in-kind contribution to Rep. L. H. Hamilton (D-IN)," as reported on Schedule B

Explanation: PHIL-PAC made this payment to PMMC to cover the cost of certain corporate resources expended in connection with fundraising activity undertaken by PHIL-PAC on behalf of Rep. Hamilton. PMMC did not itself make any contribution, in-kind or otherwise, to Rep. Hamilton or to any other candidate for federal office or political committee supporting a candidate for federal office. The term "in-kind contribution" as it appears in the Report refers solely to the contribution from PHIL-PAC to Rep. Hamilton.

If you have any additional questions, or need further clarification, please contact me at (212) 878-2206.

Sincerely,



Ralph L. Rogers, Jr.  
Assistant Treasurer,  
PHIL-PAC

Enclosures

Federal Election Commission  
**ENVELOPE REPLACEMENT PAGE  
FOR INCOMING DOCUMENTS**

The Commission has added this page to the end of this filing to indicate how it was received.

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DATE OF RECEIPT

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J.A.Q.  
PREPARER

12/31/96  
DATE PREPARED