

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

Brooke Group Ltd.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

112525100
(CUSIP Number)

Marc Weitzen, Esq.
Gordon Altman Butowsky Weitzen Shalov & Wein
114 West 47th Street, 20th Floor
New York, New York 10036
(212) 626-0800

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

January 28, 1998
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule
13G to report the acquisition which is the subject of this
Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4),
check the following box / /.

Check the following box if a fee is being paid with the statement
/ /. (A fee is not required only if the reporting person: (1)
has a previous statement on file reporting beneficial ownership
of more than five percent of the class of securities described in
Item 1; and (2) has filed no amendment subsequent thereto
reporting beneficial ownership of five percent or less of such
class.) (See Rule 13d-7).

NOTE: Six copies of this statement, including all exhibits,
should be filed with the Commission. See Rule 13d-1(a) for other
parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a
reporting person's initial filing on this form with respect to
the subject class of securities, and for any subsequent amendment
containing information which would alter disclosures provided in
a prior cover page.

The information required on the remainder of this cover page
shall not be deemed to be "filed" for the purpose of Section 18
of the Securities Exchange Act of 1934 ("Act") or otherwise
subject to the liabilities of that section of the Act but shall
be subject to all other provisions of the Act (however, see the
Notes).

Page 1 of__ Pages
List of Exhibits is on Page __

SCHEDULE 13D

CUSIP No. 112525100

Page ___ of ___ Pages

- 1 NAME OF REPORTING PERSON
High River Limited Partnership
- S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a) /X/
(b) //
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS*
WC
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) //
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
De.laware
- NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:
- 7 SOLE VOTING POWER
1,500,000
- 8 SHARED VOTING POWER
0
- 9 SOLE DISPOSITIVE POWER
1,500,000
- 10 SHARED DISPOSITIVE POWER
0
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,500,000
- 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES*
//
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
7.7%
- 14 TYPE OF REPORTING PERSON*
PN

SCHEDULE 13D

CUSIP No. 112525100

Page ___ of ___ Pages

- 1 NAME OF REPORTING PERSON
Riverdale LLC
- S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a) /X/
(b) //
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS*
WC
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) //
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
New York

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

- 7 SOLE VOTING POWER
0
- 8 SHARED VOTING POWER
1,500,000
- 9 SOLE DISPOSITIVE POWER
0
- 10 SHARED DISPOSITIVE POWER
1,500,000
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,500,000
- 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES*
//
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
7.7%
- 14 TYPE OF REPORTING PERSON*
00

SCHEDULE 13D

CUSIP No. 112525100

Page ___ of ___ Pages

1 NAME OF REPORTING PERSON
Carl C. Icahn

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) /X/

(b) //

3 SEC USE ONLY

4 SOURCE OF FUNDS*
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) //

6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

7 SOLE VOTING POWER
0

8 SHARED VOTING POWER
1,500,000

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
1,500,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,500,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES*
//

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
7.7%

14 TYPE OF REPORTING PERSON*
IN

SCHEDULE 13D

Item 1. Security and Issuer

This Schedule 13D relates to the common stock, par value \$0.01 per share ("Shares"), of Brooke Group Ltd., a Delaware corporation (the "Issuer" or "Brooke Group"). The address of the principal executive offices of the Issuer is 100 S.E. Second Street, 32nd Floor, Miami, Florida 33131.

Item 2. Identity and Background

The persons filing this statement are High River Limited Partnership, a Delaware limited partnership ("High River"), Riverdale LLC, a New York limited liability company ("Riverdale") and Carl C. Icahn, a citizen of the United States of America (collectively, the "Registrants"). The principal business address and the address of the principal office of the Registrants is 100 South Bedford Road, Mount Kisco, New York 10549, with the exception of Carl C. Icahn, whose principal business address is c/o Icahn Associates Corp., 767 Fifth Avenue, 47th Floor, New York, New York 10153.

Riverdale is the general partner of High River. Riverdale is wholly owned by Carl C. Icahn. Registrants may be deemed to be a "group" with the meaning of Section 13(d)(3) promulgated under the Securities Exchange Act of 1934, as amended (the "Act").

High River is primarily engaged in the business of investing in securities. Riverdale is primarily engaged in the business of owning real estate and acting as general partner of High River. Carl C. Icahn's present principal occupation or employment is acting as President and a Director of Starfire Holding Corporation, a Delaware corporation ("Starfire"), and as the Chairman of the Board and Director of various Starfire's subsidiaries, including ACF Industries, Incorporated, a New Jersey corporation ("ACF"). Starfire, whose principal business address is 100 South Bedford Road, Mount Kisco, New York 10549, is primarily engaged in the business of holding, either directly or through its subsidiaries, a majority of the common stock of ACF. ACF is primarily engaged in the business of leasing, selling and manufacturing railroad freight and tank cars.

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The name, citizenship, present principal occupation or employment and business address of each member of Riverdale is set forth in Schedule A attached hereto.

Carl C. Icahn is a member of Riverdale and owns 100% of the interests therein. As such, Mr. Icahn is in a position directly and indirectly to determine the investment and voting decisions made by Registrants.

Neither High River, Riverdale, Mr. Icahn, nor any executive officer or director of any of the Registrants, has, during the past five years, (a) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or (b) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting, or mandating activities subject to, Federal or State securities laws or a finding of any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

The aggregate purchase price of the 1,500,000 Shares purchased by the Registrants, is \$9,000,000. The source of funding for the purchase of these Shares is general working capital of the Registrants.

Item 4. Purpose of Transaction

Registrants acquired the Shares for investment purposes.

Issuer has agreed to register such shares under the Securities Act of 1933, ("Act") and, once such registration statement becomes effective, to keep such Shares registered so that the Shares may be sold by Registrants at any time and from time to time, until the shares are sold or may be sold pursuant to Rule 144(k) under the Act.

Registrants reserve the right to acquire additional Shares at any time and from time to time in public or private transactions, whether from third parties or otherwise. Likewise, Registrants reserve the right to dispose of any or all of the Shares in whole or in part, in public or private transactions, whether to third parties or otherwise.

Item 5. Interest in Securities of the Issuer

(a) As of the close of business on January 28, 1998, Registrants may be deemed to beneficially own in the aggregate 1,500,000 Shares representing approximately 7.7% of the Issuer's outstanding Shares (based upon the 18,097,096 Shares stated to be outstanding as of November 10, 1997, by the Issuer in the Issuer's 10-Q filing filed with the Securities and Exchange Commission (the "SEC") on November 17, 1997, plus the 1,500,000 Shares to be issued to Registrants.) Registrants have direct beneficial ownership of the Shares as follows:

NAME	NUMBER OF SHARES	APPROXIMATE PERCENTAGE OF OUTSTANDING SHARES
High River	1,500,000	7.7%

Riverdale and Mr. Icahn, by virtue of their relationships to High River (as disclosed in Item 2), may be deemed to beneficially own (as that term is defined in Rule 13d-3 under the Act) the Shares which High River directly beneficially owns. Each of Riverdale and Mr. Icahn disclaims beneficial ownership of such Shares for all other purposes.

To the best of Registrants' knowledge, except as set forth herein, neither the directors nor the executive officers of the Registrants beneficially own any Shares.

(b) High River has sole voting power and sole dispositive power with regard to 1,500,000 Shares. Riverdale has shared voting power and shared dispositive power with regard to 1,500,000 Shares. Carl C.

Icahn has shared voting power and shared dispositive power with regard to 1,500,000 Shares.

(c) The following sets forth all transactions with respect to Shares effected during the past sixty days by each of the persons named in Item 5(a) above.

On January 16, 1998, High River entered into a Stock Purchase Agreement with Brooke Group, Ltd. whereby High River has agreed to purchase 1,500,000 shares of Brooke Group common stock for \$9,000,000 (the "Agreement"), attached hereto as Exhibit 2. As a condition to the Agreement, Shares must be approved for listing on the New York Stock Exchange ("the Exchange"). On January 28, 1998, Registrants were informed by Brooke Groupe that the Exchange had approved the listing of the Shares and the closing is scheduled to take place shortly.

(d) No other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of any Shares which Registrants may be deemed to beneficially own.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationship with Respect to Securities of the Issuer

Registrants are party to a Joint Filing Agreement, a copy of which is attached hereto as Exhibit 1, with respect to the filing of this statement and any amendments thereto and Stock Purchase Agreement, dated January 16, 1998, between Brooke Group Ltd., and High River Limited Partnership which is attached hereto as Exhibit 2.

Item 7. Material to be Filed as Exhibits

1. Joint Filing Agreement of the Registrants
2. Stock Purchase Agreement, dated January 16, 1998, between Brooke Group Ltd., and High River Limited Partnership.

PAGE

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 26, 1998

RIVERDALE LLC

By: /s/Carl C. Icahn
Carl C. Icahn
Its: Member

HIGH RIVER LIMITED PARTNERSHIP

By: RIVERDALE LLC
Its: General Partner

By: /s/Carl C. Icahn
Carl C. Icahn
Its: Member

Carl C. Icahn

By: /s/Carl C. Icahn
Carl C. Icahn

(Signature Page of Schedule 13D with respect to Brooke Group Ltd.)

PAGE

SCHEDULE A

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS

Name, Business Address and Principal Occupation of
Each Member of Riverdale

The following sets forth the name, position, and principal occupation of each member of Riverdale. Each such person is a citizen of the United States of America. Except as otherwise indicated, the business address of each director and officer is c/o Icahn Associates Corp., 767 Fifth Avenue, 47th Floor, New York, New York 10153. To the best of Registrants' knowledge, except as set forth in this statement on Schedule 13D, none of the directors or executive officers of the Registrants own any shares of the Issuer.

RIVERDALE LLC

Name	Position	Principal Occupation
- - - - -	-----	-----
Carl C. Icahn	Member	See Item 2 herein Officer of various Icahn affiliated entities

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(f) under the Securities Exchange Act of 1934, as amended, the persons named below agree to the joint filing on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the Common Stock, par value \$.01 per share, of Brooke Group Ltd. and further agree that this Joint Filing Agreement be included as an Exhibit to such joint filings. In evidence thereof, included as Exhibit to such joint filings. In evidence thereof, the undersigned, being duly authorized, have executed this Joint Filing Agreement this 26th day of January, 1998.

Dated: January 26, 1998

HIGH RIVER LIMITED PARTNERSHIP

By: RIVERDALE LLC
Its: General Partner

By: /s/ Carl C. Icahn
Carl C. Icahn
Its: Member

RIVERDALE LLC

By: /s/ Carl C. Icahn
Carl C. Icahn
Its: Member

/s/ Carl C. Icahn
Carl C. Ichan

[Joint Filing Agreement for Schedule 13D with respect to
Brooke Group Ltd.]

STOCK PURCHASE AGREEMENT

dated as of January 16, 1998

by and between

BROOKE GROUP LTD.

and

HIGH RIVER LIMITED PARTNERSHIP

with respect to 1,500,000 shares of

common stock of

BROOKE GROUP LTD.

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This STOCK PURCHASE AGREEMENT dated as of January 16, 1998 is made and entered into by and between High River Limited Partnership, a Delaware limited partnership ("PURCHASER"), and Brooke Group Ltd., a Delaware corporation (the "COMPANY"). Capitalized terms not otherwise defined herein have the meanings set forth in SECTION 6.01.

WHEREAS, Purchaser desires to purchase from the Company 1,500,000 shares (the "SHARES") of common stock, par value \$.10 per share, of the Company, on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Company will use the net proceeds from the sale of the Shares to make a contribution to the capital of its indirect wholly-owned subsidiary Brooke (Overseas) Ltd., a corporation engaged in the manufacture and sale of cigarettes in Russia through Liggett-Ducat, a Russian joint stock company;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

SALE OF SHARES AND CLOSING

1.01 PURCHASE AND SALE. The Company agrees to sell to Purchaser, and Purchaser agrees to purchase from the Company, the Shares at the Closing on the terms and subject to the conditions set forth in this Agreement.

1.02 PURCHASE PRICE. The aggregate purchase price for the Shares is \$9,000,000 (the "PURCHASE PRICE"), payable in immediately available United States funds at the Closing in the manner provided in SECTION 1.03.

1.03 CLOSING. The Closing will take place at the offices of Milbank, Tweed, Hadley & McCloy, One Chase Manhattan Plaza, New York, NY 10005 on the Closing Date. At the Closing: (i) Purchaser will pay the Purchase Price by wire transfer of immediately available funds to such account as the Company has reasonably directed, and (ii) the Company will sell to Purchaser the Shares by delivering to Purchaser a certificate or certificates representing the Shares. The Shares will bear an appropriate securities law legend.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Purchaser as follows:

2.01 CORPORATE EXISTENCE OF THE COMPANY. The Company is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware. The Company has full corporate power and authority to execute and deliver this Agreement and to perform the Company's obligations hereunder and to consummate the transactions contemplated hereby, including without limitation to sell and transfer (pursuant to this Agreement) the Shares.

2.02 AUTHORITY. The execution and delivery by the Company of this Agreement, and the performance by such party of its obligations hereunder, have been duly and validly authorized by the Board of Directors of the Company, no other corporate action on the part of the Company or its stockholders being necessary. This Agreement has been duly and validly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

2.03 CAPITAL STOCK. The Shares are duly authorized, validly issued, fully paid and nonassessable. The delivery of a certificate or certificates at the Closing representing the Shares in the manner provided in SECTION 1.03 will transfer to Purchaser good and valid title to the Shares, free and clear of all Liens other than Liens created or suffered to exist by Purchaser.

2.04 NO CONFLICTS. The execution and delivery by the Company of this Agreement do not, the performance by the Company of its obligations under this Agreement and the consummation of the transactions contemplated hereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the certificate of incorporation or by-laws (or other comparable corporate charter documents) of the Company;

(b) conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to the Company or any of its Assets and Properties (other than such conflicts, violations or breaches (i) which will not in the aggregate adversely affect the validity or enforceability of this Agreement or have a material adverse effect on the Business or Condition of the Company or (ii) as would occur solely as a result of the identity or the legal or regulatory status of Purchaser or any of its Affiliates); or

(c) except as will not, individually or in the aggregate, be materially adverse to the Business or Condition of the Company or adversely affect the ability of the Company to consummate the transactions contemplated hereby or to perform its obligations hereunder, (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require the Company to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, (iv) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, or (v) result in the creation or imposition of any Lien upon the Company or any of its Assets and Properties under, any Contract or License to which the Company is a party or by which any of its Assets and Properties is bound.

2.05 GOVERNMENTAL APPROVALS AND FILINGS. Except for the listing by the Company of the Shares on notice of issuance on The New York Stock Exchange and as required under SECTION 5.01, no other consent, approval or action of, filing with or notice to any Governmental or Regulatory Authority by the Company is required as a precondition to the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby except (i) where the failure to obtain any such consent, approval or action, to make any such filing or to give any such notice will not adversely affect the ability of the Company to consummate the transactions contemplated by this Agreement or to perform its obligations hereunder or have a material adverse effect on the Business or Condition of the Company, and (ii) those as would be required solely as a result of the identity or the legal or regulatory status of the Purchaser or any of its Affiliates.

2.06 SEC REPORTS AND FINANCIAL STATEMENTS. As of the irrespective dates, the Company SEC Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Since the respective dates of such filings, and except as disclosed therein, there has not been any change, event or development having, or that is reasonably expected to have, individually or in the aggregate, a material adverse effect on the Company.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to the Company as follows:

3.01 ORGANIZATION OF PURCHASER. Purchaser is a limited partnership duly organized, validly existing and in good standing under the Laws of the State of Delaware. Purchaser is duly authorized to execute and deliver this Agreement and to perform Purchaser's obligations hereunder and to consummate the transactions contemplated hereby, including without limitation to buy (pursuant to this Agreement) the Shares.

3.02 AUTHORITY. The execution and delivery by Purchaser of this Agreement, and the performance by Purchaser of its obligations hereunder, have been duly and validly authorized, no other action on the part of Purchaser being necessary. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes a legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms.

3.03 NO CONFLICTS. The execution and delivery by Purchaser of this Agreement do not, the performance by Purchaser of its obligations under this Agreement and the consummation of the transactions contemplated hereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of its partnership agreement (or other comparable organizational documents) of Purchaser;

(b) conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to Purchaser or any of its Assets and Properties (other than such conflicts, violations or breaches (i) which will not in the aggregate adversely affect the validity or enforceability of this Agreement or have a material adverse effect on the Business or Condition of Purchaser or (ii) as would occur solely as a result of the identity or the legal or regulatory status of the Company or any of its Affiliates); or

(c) except as will not, individually or in the aggregate, be materially adverse to the Business or Condition of Purchaser or adversely affect the ability of Purchaser to consummate the transactions contemplated hereby or to perform its obligations hereunder, (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require Purchaser to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, (iv) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, or (v) result in the creation or imposition of any Lien upon Purchaser or any of its Assets and Properties under, any Contract or License to which Purchaser is a party or by which any of its Assets and Properties is bound.

3.04 GOVERNMENTAL APPROVALS AND FILINGS. No consent, approval or action of, filing with or notice to any Governmental or Regulatory Authority by Purchaser is required as a precondition to the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby except (i) where the failure to obtain any such consent, approval or action, to make any such filing or to give any such notice will not adversely affect the ability of Purchaser to consummate the transactions contemplated by this Agreement or to perform its obligations hereunder or have a material adverse effect on the Business or Condition of Purchaser, and (ii) those as would be required solely as a result of the identity or the legal or regulatory status of the Company or any of its Affiliates.

3.05 PURCHASE FOR INVESTMENT. (a) The Shares will be acquired by Purchaser for its own account for the purpose of investment, it being understood that the right to dispose of such Shares shall be entirely within the discretion of Purchaser. Purchaser will refrain from transferring or otherwise disposing of any of the Shares, or any interest therein, in such manner as to cause the Company to be in violation of the registration requirements of the Securities Act or any applicable state securities or blue sky laws.

(b) Purchaser acknowledges that it is an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act.

ARTICLE IV

CONDITIONS

4.01 CONDITIONS TO OBLIGATION OF EACH PARTY TO EFFECT THE CLOSING. The respective obligations of each party hereunder to effect the Closing are subject to the fulfillment or waiver, at the Closing, of the following conditions:

(a) REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties made by the other party in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

(b) ORDERS AND LAWS. There shall not be pending or in effect on the Closing Date any Order or Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or which could reasonably be expected to otherwise result in a material diminution of the benefits of the transactions contemplated by this Agreement to such party, and there shall not be pending on the Closing Date any Action or Proceeding in, before or by any Governmental or Regulatory Authority which could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation or deemed applicability to either party or the transactions contemplated by this Agreement of any such Law.

(c) REGULATORY CONSENTS AND APPROVALS. All consents, approvals and actions of, filings with and notices to any Governmental or Regulatory Authority necessary to permit each party to perform its respective obligations under this Agreement and to consummate the transactions contemplated hereby (a) shall have been duly obtained, made or given, (b) shall be in form and substance reasonably satisfactory to each party, (c) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (d) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental or Regulatory Authority necessary for the consummation of the transactions contemplated by this Agreement shall have occurred, and the Shares shall have been accepted for listing on notice of issuance by The New York Stock Exchange.

ARTICLE V

COVENANTS OF THE COMPANY

The Company covenants and agrees with Purchaser that the Company will comply with the covenants and provisions of this ARTICLE V, except to the extent Purchaser may otherwise consent in writing:

5.01 SHELF REGISTRATION STATEMENT.

(a) The Company shall use best efforts to file with the Securities and Exchange Commission (the "COMMISSION") by the Filing Date a Shelf Registration Statement pursuant to Rule 415 under the Securities Act (the "SHELF REGISTRATION STATEMENT") on Form S-3 (or any successor form thereto) to register resales by Purchaser of the Shares. The Company shall use best efforts to cause such Shelf Registration Statement to be declared effective by the Commission by the Effectiveness Date. The Company shall use best efforts to keep such Shelf Registration Statement continuously effective and usable until the date on which all of the Shares are sold or such earlier date as the Shares may be resold by Purchaser without registration under Rule 144(k) under the Securities Act (the "FINAL DATE"). The Company shall deliver copies of the Prospectus to The New York Stock Exchange pursuant to Rule 153 under the Securities Act and to Purchaser on reasonable request.

(b) Upon the occurrence of any event that would cause the Shelf Registration Statement (i) to contain a material misstatement or to omit a material fact required to be stated therein or necessary to make the statements made not misleading or (ii) not to be effective and usable for resale of the Shares until the Final Date, the Company shall notify Purchaser as soon as reasonably practicable thereafter and, within two Business Days of the occurrence of such event, file a supplement to the Prospectus included in (if a supplement is appropriate for such purpose) or, within four Business Days of the occurrence of such event, file an amendment to the Shelf Registration Statement, in the case of clause (i) immediately above correcting any such misstatement or omission, and in the case of either clause (i) or (ii) immediately above use best efforts to cause such amendment to be declared effective and such Shelf Registration Statement to become usable as soon as reasonably practicable thereafter.

5.02 LIQUIDATED DAMAGES. (a) The Company and Purchaser agree that Purchaser will suffer damages if the Company fails to fulfill its obligations under SECTION 5.01(A) of this Agreement and that it would not be feasible to ascertain the extent of such damages with precision. Accordingly, (a) if the Company fails to file the Shelf Registration statement on or prior to the Filing Date or (b) if the Shelf Registration Statement has not been declared effective on or prior to the Effectiveness Date, then Liquidated Damages on the Shares shall accrue at a rate of \$0.016667 per Share per day for the first 60-day period, and thereafter at a rate per Share per day of \$.033334, until both of the foregoing breaches have been cured, PROVIDED, HOWEVER, that the aggregate Liquidated Damages payable on the Shares may not exceed \$9,000,000.

(b) Notwithstanding the foregoing, the Company shall not be required to pay such Liquidated Damages with respect to the Shares if the applicable default arises from the failure of the Company to file or cause to become effective within the time periods specified in SECTION 5.01 primarily by reason of the failure of the Purchaser to provide such information concerning Purchaser as (i) is required pursuant to the Securities Act and the regulations promulgated thereunder for inclusion in the Shelf Registration Statement or any Prospectus included therein or (ii) the SEC may request in connection with such Shelf Registration.

5.03 REGISTRATION EXPENSES. All fees and expenses incidental to the performance of or compliance with this Article V by the Company shall be borne by the Company whether or not the Shelf Registration is filed or becomes effective, other than underwriting discounts and commissions and transfer taxes, if any, in respect of the Shares, which shall be payable by Purchaser.

5.04 INDEMNIFICATION.

(a) INDEMNIFICATION BY THE COMPANY. The Company shall, to the full extent permitted by law, indemnify and hold harmless Purchaser, its directors and each Person, if any, who controls Purchaser within the meaning of the Securities Act against any Losses, claims, damages, expenses or liabilities, joint or several (together, "LOSSES"), to which it or any such controlling Person may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Shelf Registration Statement or the Prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in the light of the circumstances under which they were made) not misleading, and the Company will reimburse Purchaser and each such controlling Person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such Loss (or action or proceeding in respect thereof); PROVIDED that the Company shall not be liable in any such case to the extent that any such Loss (or action or proceeding in respect thereof) arises out of or is based upon (x) an untrue statement or alleged untrue statement or omission or alleged omission made in any such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by Purchaser specifically stating that it is for use in the preparation thereof or (y) Purchaser's failure to send or give a copy of the final Prospectus to the Persons asserting an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Shares to such Person if such statement or omission was corrected in such final Prospectus. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Purchaser or any such controlling Person, and shall survive the transfer of Shares by Purchaser.

(b) INDEMNIFICATION BY PURCHASER. Purchaser shall, to the full extent permitted by law, indemnify and hold harmless the Company, its directors and officers, and each other Person, if any, who controls the Company within the meaning of the Securities Act, against any Losses to which the Company or any such director or officer or controlling Person may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Shelf Registration Statement or the Prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, in the light of the circumstances under which they were made) not misleading, if such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by Purchaser specifically stating that it is for use in the preparation of the Shelf Registration Statement or the Prospectus. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling Person and shall survive the transfer of the Shares by Purchaser.

(c) NOTICES OF CLAIMS, ETC. Promptly after receipt by an Indemnified Party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding PARAGRAPH (A) OR (B) of this SECTION 5.04, such Indemnified Party will, if a claim in respect thereof is to be made against an Indemnifying Party pursuant to such paragraphs, give written notice to the latter of the commencement of such action, PROVIDED that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under the preceding paragraphs of this SECTION 5.04, except to the extent that the Indemnifying Party is actually prejudiced by such failure to give notice. In case any such action is brought against an Indemnified Party, the Indemnifying Party shall be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of its election so to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation; PROVIDED that the Indemnified Party or Indemnified Parties shall have the right to employ one counsel to represent it or them if, in the reasonable judgment of the Indemnified Party or Indemnified Parties, it is advisable for it or them to be represented by separate counsel by reason of having legal defenses which are different from or in addition to those available to the Indemnifying Party, and in that event the reasonable fees and expenses of such one counsel shall be paid by the Indemnifying Party. If the Indemnifying Party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel for the Indemnified Parties with respect to such claim, unless in the reasonable judgment of the Indemnified Party a conflict of interest may exist between such Indemnified Party and any other Indemnified Parties with respect to such claim, in which event the Indemnifying Party shall be obligated to pay the fees and expenses of such additional counsel for the Indemnified Parties or counsels. No Indemnifying Party shall consent to entry of any judgment or enter into any settlement without the consent of the Indemnified Party which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. No Indemnifying Party shall be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld.

(d) CONTRIBUTION. If the indemnity and reimbursement obligation provided for in any paragraph of this SECTION 5.04 is unavailable or insufficient to hold harmless an Indemnified Party in respect of any Losses (or actions or proceedings in respect thereof) referred to therein, then the Indemnifying Party shall contribute to the amount paid or payable by the Indemnified Party as a result of such Losses (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand in connection with statements or omissions which resulted in such Losses. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this paragraph were to be determined by PRO RATA allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the first sentence of this paragraph. The amount paid by an Indemnified Party as a result of the Losses referred to in the first sentence of this paragraph shall be deemed to include any legal and other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any Loss which is the subject of this paragraph. No Indemnified Party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Indemnifying Party if the Indemnifying Party was not guilty of such fraudulent misrepresentation.

5.05 VALUATION. The Company shall use reasonable efforts to obtain, within 30 days of the Closing Date, from an independent valuation firm, a valuation of the Shares as of the date hereof reasonably acceptable to and addressed to the Company and Purchaser (the "VALUATION"); PROVIDED, HOWEVER, that if the Company fails to obtain such Valuation within such 30-day period, Purchaser may obtain a Valuation acceptable to it at the Company's reasonable expense.

ARTICLE VI

DEFINITIONS

6.01 DEFINITIONS. (a) DEFINED TERMS. As used in this Agreement, the following defined terms have the meanings indicated below:

"ACTIONS OR PROCEEDINGS" means any action, suit, proceeding, arbitration or Governmental or Regulatory Authority investigation.

"AFFILIATE" means any Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by Contract or otherwise.

"AGREEMENT" means this Stock Purchase Agreement and the Disclosure Schedule, as the same shall be amended from time to time.

"ASSETS AND PROPERTIES" of any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, whether tangible or intangible, and wherever situated), including the goodwill related thereto, operated, owned or leased by such Person.

"BUSINESS DAY" means any day other than a Saturday, a Sunday or any other day on which banking institutions are not authorized or required to close in New York City or Miami, Florida.

"BUSINESS OR CONDITION OF THE COMPANY" means the business, financial condition or results of operations of the Company and the Subsidiaries taken as a whole.

"CLOSING" means the closing of the transactions contemplated by SECTION 1.03.

"CLOSING DATE" means the third Business Day after the Shares have been accepted for listing on notice of issuance on The New York Stock Exchange.

"COMMISSION" has the meaning ascribed to it in SECTION 5.01.

"COMPANY" has the meaning ascribed to it in the forepart of this Agreement.

"COMPANY SEC REPORTS" means each form, report, schedule, registration statement, definitive proxy statement and other document (together with all amendments thereof and supplements thereto) filed by the Company with the SEC since December 31, 1996.

"CONTRACT" means any agreement, lease, license, evidence of indebtedness, mortgage, indenture, security agreement or other contract.

"DISCLOSURE SCHEDULE" means the record delivered to Purchaser by the Company herewith and dated as of the date hereof, containing all lists, descriptions, exceptions and other information and materials as are required to be included therein by the Company pursuant to this Agreement.

"EFFECTIVENESS DATE" means May 15, 1998.

"FILING DATE" means February 2, 1998.

"GOVERNMENTAL OR REGULATORY AUTHORITY" means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States or any state, county, city or other political subdivision.

"INDEMNIFIED PARTY" means a party entitled to indemnity in accordance with SECTION 5.04.

"INDEMNIFYING PARTY" means a party obligated to provide indemnity in accordance with SECTION 5.04.

"LAWS" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States or any state, county, city or other political subdivision or of any Governmental or Regulatory Authority.

"LICENSE" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental or Regulatory Authority.

"LIENS" means any mortgage, pledge, assessment, security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, or any conditional sale Contract, title retention Contract or other Contract to give any of the foregoing.

"ORDER" means any writ, judgment, decree, injunction or similar order of any Governmental or Regulatory Authority (in each such case whether preliminary or final).

"PERSON" means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental or Regulatory Authority.

"PROSPECTUS" shall mean the prospectus included in the Shelf Registration Statement, as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the securities covered by such Shelf Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"PURCHASE PRICE" has the meaning ascribed to it in SECTION 1.02.

"PURCHASER" has the meaning ascribed to it in the forepart of this Agreement.

"SECURITIES ACT" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"SEC" means Securities and Exchange Commission.

"SHARES" has the meaning ascribed to it in the forepart of this Agreement.

"SHELF REGISTRATION STATEMENT" has the meaning ascribed to it in SECTION 5.01.

"SUBSIDIARY" means any Person in which the Company, directly or indirectly through Subsidiaries or otherwise, beneficially owns more than 50% of either the equity interests in, or the voting control of, such Person.

"VALUATION" has the meaning ascribed to it in SECTION 5.05.

ARTICLE VII

MISCELLANEOUS

7.01 ENTIRE AGREEMENT. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof and contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

7.02 EXPENSES. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each party will pay its own costs and expenses incurred in connection with the negotiation, execution and closing of this Agreement and the transactions contemplated hereby, PROVIDED, HOWEVER, that the Company will pay the reasonable fees and expenses of Purchaser's counsel in connection therewith.

7.03 WAIVER. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

7.04 AMENDMENT. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

7.05 NO THIRD PARTY BENEFICIARY. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person.

7.06 NO ASSIGNMENT; BINDING EFFECT. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other party hereto and any attempt to do so will be void, except for assignments and transfers by operation of Law. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

7.07 HEADINGS. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

7.08 INVALID PROVISIONS. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance here from.

7.09 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York applicable to a Contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

7.10 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

7.11 TERMINATION. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned, at any time after February 2, 1998 by either party upon notification of the non-terminating party by the terminating party if the Closing shall not have occurred on or before such date and such failure to consummate is not caused by a breach of this Agreement by the terminating party.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party hereto as of the date first above written.

HIGH RIVER LIMITED PARTNERSHIP
By: Riverdale LLC, general partner

By: -----
Name: Robert J. Mitchell
Title: Manager

BROOKE GROUP LTD.

By: -----
Name: Richard J. Lampen
Title: Executive Vice President