

SPINOFF -- IT'S NOW OR NEVER FOR NABISCO!!!

=====

IF YOU WANT A NABISCO SPINOFF NOW, THIS IS YOUR ONLY CHANCE

HOWEVER...

If you really believe the tobacco companies will win every case against them for the next 25 years

If you really believe the 60 law firms representing the nationwide Castano class will go away

If you really believe none of the 5 grand juries investigating tobacco will issue any indictments

If you really believe all the state Attorneys General trying Medicaid cases will lose interest

If you really believe the FDA will say it's OK to market tobacco to children

If you really believe no more Philip Morris or other whistleblowers will come forward

If you really believe their testimony will make no difference in any of these cases

If you really believe RJR Nabisco's current Board will spin off Nabisco any time soon

. . . THEN MAYBE THE MANAGEMENT PROGRAM AND NOT THE BROOKE PROGRAM IS FOR YOU

THE MANAGEMENT PROGRAM

THE MANAGEMENT PROGRAM -- MORE OF THE SAME

=====

- o NO SPINOFF OF NABISCO -- EVER!!!

 - o Nominal dividend increase
 - o RJR Tobacco's U.S. market share continues to decline
- Yet, Chairman Harper has taken over \$40 million out of RJR in the past three years

[GRAPHIC OMITTED]

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
RJR	31.6%	32.3%	32.5%	31.8%	28.5%	29.6%	27.8%	28.8%	30.6%	26.7%	25.8%
Philip Morris ..	35.9%	36.8%	37.8%	39.3%	41.9%	42.3%	43.4%	42.3%	42.2%	44.8%	45.8%

o The Company remains blind to the basic facts:

-- "The domestic tobacco side of our business was the STANDOUT in a year which was essentially disappointing." (RJR Nabisco Schedule 14A, February 8, 1996)

o These are the statistics that "STANDOUT":

	Fourth Quarter Versus 1994**	Full Year 1995 Versus 1994
	-----	-----
Volume.....	+1%	-5%
Market Share.....	-1.0 point	-1.0 point
Net Sales.....	+5%	-2%
EBITA.....	+1%	-2%

- - - - -
Source: RJR Nabisco Schedule 14A, February 8, 1996

** "RJR SHIPPED MORE 4Q VOLUME THAN CONSUMERS BOUGHT AT RETAIL...4Q SHIPMENT SHARES MAY HAVE OVERSTATED ACTUAL CONSUMER BUYING"
-- (GARY BLACK FEB. 14, 1996)

o Even RJR Tobacco International has faltered in a growing market

-- EBITA declined 15% in 1995 before a \$54 million restructuring charge

THE BROOKE GROUP PROGRAM

SPINOFF -- IT'S NOW OR NEVER FOR NABISCO!!!

=====

IMMEDIATE SPINOFF OF NABISCO
PERIOD!

-6-

=====

o IMMEDIATE SPINOFF OF NABISCO

- Attorney Generals and Castano plaintiffs have agreed not to seek injunctions
 - Eliminated risk, if there was any
 - Only Castano and the Medicaid suits are of sufficient size to have possibly risked a fraudulent conveyance injunction (which in any case we do not believe was likely)
- Nabisco could be spun off in six to eight weeks
- At stock prices on March 19, 1996, shareholders would receive \$21.50 of Nabisco stock
- We believe Nabisco will be worth more than \$25.00 per RJRN share post spinoff

SPINOFF -- IT'S NOW OR NEVER FOR NABISCO!!!

=====

- o MERGER WITH LIGGETT NOT REQUIRED
- o If a merger is proposed, a subsequent independent shareholder vote is required

LITIGATION ISSUES AND SETTLEMENT

LITIGATION ISSUES

=====

Overview of Litigation Environment

	Estimated # of Cases(1) -----
o Class action cases	
-- Castano (addiction):	50,000,000
-- Engle (Florida/addiction/personal injury):	3,000,000
-- Broin (flight attendants):	60,000
-- Lacey (Alabama/additives/not certified):	300,000
-- Granier (Louisiana/addiction/not certified):	700,000
o State Medicaid reimbursement claims	
-- Six states filed (FL, LA, MA, MN, MS, WV)	4,500,000
o Personal injury cases	
-- 40 years of successful defense in over 800 cases	140
-- Freedom to choose defense	

(1) Based on media reports.

LITIGATION ISSUES

- o NICOTINE ADDICTION BASED CLAIMS
 - "The most dangerous game" (Gary Black)
- o New information being released constantly, disclosing alleged nicotine and addiction relationships known by industry
- o Whistle Blowers
 - Ian Uydess (Philip Morris) and Jeffrey Wigand (BAT)
 - Others to come...including, possibly, RJR employees?
- o Criminal Indictments?

Catastrophe Insurance

- o Some cases being tried by a judge only, no jury
- o No need to bond potential judgments at lower court level
- o REMEMBER TEXACO!!
- o Can RJR obtain a multi-billion dollar bond?

LITIGATION SETTLEMENT

Overview of Litigation Environment

	Estimated # of Cases -----	
o Class action cases		
-- Castano (addiction-related):	50,000,000	Settled
-- Engle (Florida/addiction/personal injury):	3,000,000	Covered
-- Broin (flight attendants):	60,000	Nominal risk
-- Lacey (Alabama/additives/not certified):	300,000	Nominal risk
-- Granier (Louisiana/addiction/not certified):	700,000	Stayed
o State Medicaid reimbursement claims		
-- Six states filed (FL, LA, MA, MN, MS, WV)	4,500,000	Five settled
o Personal injury cases		
-- 40 years of successful defense in over 800 cases	140	Nominal risk
-- Freedom to choose defense		
-- Addiction no longer a cause		Settled
	Over 95% =====	Settled

LITIGATION SETTLEMENT

=====

ESTIMATED COST OF CATASTROPHE INSURANCE

(\$ in millions)

RJR	
- - - -	
RJR Domestic Tobacco 1995 EBITA	\$1,420
Less Pro-Rata Interest Expense	(390)
Less Pro-Rata Corporate Overhead	(42)

Pre-Tax -- Domestic Tobacco	\$ 988
	=====
Castano Payments	49
Medicaid Payments (assumes all states)	74
Less Estimated Legal Fee Reduction	(40)

Total Cost	\$ 83
	=====

Settlement Cost Per Pack 1.4 Cents/Pack

LITIGATION SETTLEMENT

- o Proposed settlement of Castano (nicotine addiction) class action
 - Settles most important tobacco claim (also covers distributors)
 - 5% of domestic tobacco's pretax income each year (up to maximum \$50 million)
 - Payment terminated if remaining defendants prevail in litigation
 - If certification overturned, settlement applies if Castano-type class certified elsewhere
 - Assured of settlement terms substantially more favorable than any other defendant (payments could be reduced to zero)

LITIGATION SETTLEMENT

- o Settlement of five State Attorney General suits (FL, LA, MA, MS, WV)
 - Assuming a tobacco company merger, initial payment of \$125 million
 - Annual percentage of 2.5% to 7.5% of domestic tobacco pretax income, depending on whether additional states join the settlement
 - Settles claims of the most aggressive states with high Medicaid populations
 - Provides mechanism for other states which sue (if any) to join settlement
 - Payment terminated if remaining defendants succeed on merits
 - Most Favored Nation Clause: Benchmark figure of three times Brooke Group's payments per point of market share

LITIGATION SETTLEMENT

- o No commitment to cooperate except as required by law
 - Not waiving attorney/client or any other legal privileges
 - Continue to vigorously defend all other litigation
- o Model of new agreement based on responsible co-existence
- o The settlement is a no-lose situation
 - Wins if the industry wins
 - Limits liability if industry loses

LITIGATION SETTLEMENT

- o Settlement is applicable to:
 - RJR (First Option)
 - Lorillard
 - BAT
 - American Brands
 - UST

LITIGATION ISSUES

=====

Estimated cost of catastrophe insurance, if applied to:

Lorillard

Settlement Cost Per Pack	2.8 Cents/Pack
--------------------------	----------------

Brown & Williamson (BAT)

Settlement Cost Per Pack	1.6 Cents/Pack
--------------------------	----------------

SPINOFF VALUE WITHOUT SETTLEMENT

=====

RJRN Stock Could Be Worth More Than \$47 Per Share

- o Nabisco could be worth \$38 or more post spinoff
 - \$25 per RJRN share
- o Tobacco could be worth \$22 or more post spinoff
 - 9% yield with \$2 dividend
 - Without benefit of settlement

SPINOFF VALUE WITH SETTLEMENT

RJRN Stock Could Be Worth More Than \$58 Per Share

- o Nabisco could be worth \$38 or more post spinoff
 - \$25 per RJRN share
- o Tobacco could be worth \$33 or more post spinoff, with the litigation settlement
 - 6% yield with \$2 dividend

DIVIDENDS

SIGNIFICANT DIVIDEND INCREASE

- o Adopt a new dividend policy
 - At least 60% of the Tobacco Company's Net Cash Flow

Net Cash Flow = Net Income plus After-Tax Amortization
plus Depreciation less Capital Expenditures

- o An annual dividend of \$2 for the Tobacco Company, commencing in the second half of 1996 based on I/B/E/S estimates of RJRN's earnings in 1996 and 1997

DIVIDENDS

REYNOLDS TOBACCO COMPANY

COMPUTATION OF CASH NET INCOME PER SHARE -- TWELVE MONTHS ENDED JUNE 30, 1997
(\$ IN MILLIONS, EXCEPT PER SHARE NUMBERS)

	Total -----	Per Share -----
I/B/E/S Estimate(1) for RJR Nabisco	\$ 904	\$ 2.74
I/B/E/S(1) for Nabisco	(432)	(1.31)
Plus: 19.5% Nabisco	84	0.26
	-----	-----
Net Income for RJR Tobacco	556	1.68
Plus: Amortization After Tax	368	1.12
Plus: Depreciation	238	0.72
	-----	-----
After Tax Cash Net Income	1,162	3.52
Less: Preferred C Dividends	(80)	
Less: Capital Expenditures(2)	(223)	

Net Cash Flow	\$ 859	
	=====	
Net Cash Flow per Share	\$ 3.15	
	=====	
Cash Dividends per Brooke Group Program	\$ 2.00	
	=====	
Per Cent of Net Cash Flow(3)	63%	

(1) At March 15, 1996.

(2) Assumes Capital Expenditures total \$223 in 1996 (three-year average of Company's Capital Expenditures)

1995	\$232
1994	\$215
1993	\$224

(3) Dividend payout ratios of comparable companies before buyback programs (after buyback programs): Philip Morris 59% (99%), American Brands 62% (248%), UST 62% (126%). BAT and Loews are insurance companies with lower payout ratios.

RONALD FULFORD TO LEAD RJR TOBACCO

- o Turnaround specialist at Hanson plc from 1982 to 1996
 - Senior Associate Director of Hanson plc (market cap. \$15 billion, 55% sales in U.S.)
 - Nine years of successful Tobacco operating experience at Imperial Tobacco (38% of U.K. market)
- o Chief Executive Officer:

1980-1982.....	United Gas Industries
1982-1987.....	EverReady Batteries
1984-1987.....	London Brick
1987-1996.....	Imperial Tobacco

- o Fulford has developed a proven management system for turnaround situations
 - Repeatedly implemented and refined the system during his career
 - The system has worked successfully in a tobacco company
 - Fulford provides leadership

FULFORD HAS A HISTORY OF SUCCESSFUL TURNAROUNDS AT HANSON PLC

[GRAPHIC OMITTED]

Operating Income as Percent of Sales	EverReady South Africa 1983-1987	EverReady Britain 1983-1986	London Brick 1984-1988	Imperial Brick 1986-1995
1983	20%	12%	--	--
1984	32%	21%	19%	--
1985	30%	22%	25%	--
1986	28%	24%	28%	21%
1987	31%	--	31%	24%
1988	--	--	32%	32%
1989	--	--	--	39%
1990	--	--	--	42%
1991	--	--	--	42%
1992	--	--	--	45%
1993	--	--	--	48%
1994	--	--	--	49%
1995	--	--	--	50%

Capital Employed as Percent of Sales	EverReady South Africa 1983-1987	EverReady Britain 1983-1986	London Brick 1984-1988	Imperial Brick 1986-1995
1983	66%	48%	--	--
1984	59%	34%	46%	--
1985	55%	28%	42%	--
1986	52%	25%	38%	36%
1987	45%	--	40%	35%
1988	--	--	35%	28%
1989	--	--	--	11%
1990	--	--	--	8%
1991	--	--	--	8%
1992	--	--	--	5%
1993	--	--	--	4%
1994	--	--	--	2%
1995	--	--	--	1%

PROVEN TOBACCO MANAGEMENT

STAGE ONE AT IMPERIAL TOBACCO: COST-CUTTING

Head Count
[GRAPHIC OMITTED]

Stage One at Imperial Tobacco: Cost-Cutting

Head Count	Number of Employees
1982	19,071
1983	15,964
1984	14,607
1985	13,369
1986	12,279
1987	9,300
1988	7,538
1989	5,931
1990	5,092
1991	4,391
1992	3,531
1993	3,109
1994	2,911
1995	2,816

Productivity
[GRAPHIC OMITTED]

Productivity -- % Improvement

September, 1987	0
October, 1987	1.39%
November, 1987	2.99
December, 1987	4.52
January, 1988	7.36
February, 1988	9.05
March, 1988	9.79
April, 1988	12.32
May, 1988	14.30
June, 1988	17.14
July, 1988	18.87
August, 1988	22.22
September, 1988	26.42
October, 1988	28.88
November, 1988	32.17
December, 1988	38.85
January, 1989	37.83
February, 1989	38.17
March, 1989	40.78
April, 1989	42.98
May, 1989	48.33
June, 1989	47.89
July, 1989	49.78
August, 1989	50.77
September, 1989	53.60
October, 1989	54.84
November, 1989	55.46
December, 1989	55.48
January, 1990	57.78
February, 1990	60.20
March, 1990	63.02
April, 1990	64.87
May, 1990	66.48
June, 1990	67.84
July, 1990	66.50
August, 1990	69.00
September, 1990	68.88
October, 1990	68.61
November, 1990	68.37
December, 1990	70.18
January, 1991	71.88
February, 1991	73.20

March, 1991	74.62
April, 1991	75.04
May, 1991	78.03
June, 1991	78.88
July, 1991	80.84
August, 1991	82.08
September, 1991	84.59
October, 1991	87.80
November, 1991	91.14
December, 1991	94.05
January, 1992	93.88
February, 1992	95.87
March, 1992	98.82
April, 1992	101.51
May, 1992	104.58
June, 1992	108.93
July, 1992	111.43
August, 1992	114.85
September, 1992	119.83
October, 1992	121.91
November, 1992	124.29
December, 1992	128.30
January, 1993	131.41
February, 1993	135.87
March, 1993	141.40
April, 1993	144.04
May, 1993	145.55
June, 1993	147.18
July, 1993	148.28
August, 1993	148.80
September, 1993	149.70
October, 1993	151.51
November, 1993	154.97
December, 1993	155.52
January, 1994	156.18
February, 1994	152.84
March, 1994	151.87
April, 1994	154.18
May, 1994	155.81
June, 1994	157.80
July, 1994	157.53
August, 1994	160.06
September, 1994	168.70
October, 1994	168.81
November, 1994	172.43
December, 1994	174.78
January, 1995	176.06
February, 1995	177.28
March, 1995	178.43
April, 1995	180.38
May, 1995	180.82
June, 1995	183.38
July, 1995	188.08
August, 1995	191.87
September, 1995	195.37
October, 1995	196.74
November, 1995	199.58
December, 1995	198.74

- o Change the organizational structure to achieve a low cost structure
 - Decentralize into profit centers
 - Create financial targets: transfer prices and benchmarking
 - Incentivize management based on divisional and corporate productivity and working capital
 - Create a self-governing organization

PROVEN TOBACCO MANAGEMENT

STAGE TWO AT IMPERIAL TOBACCO: MARKETING STRATEGY

[GRAPHIC OMITTED]

	Market Share	
	ITL	Gallaher
December, 1981	50.00%	
January, 1982	48.76	
February, 1982	49.18	
March, 1982	48.55	
April, 1982	48.33	
May, 1982	48.08	
June, 1982	47.66	
July, 1982	47.28	
August, 1982	46.63	
September, 1982	46.62	
October, 1982	46.47	
November, 1982	46.33	
December, 1982	46.08	30.00%
January, 1983	45.92	
February, 1983	45.69	
March, 1983	45.48	
April, 1983	45.27	
May, 1983	45.10	
June, 1983	45.02	33.00
July, 1983	44.94	
August, 1983	44.90	
September, 1983	44.90	
October, 1983	44.88	
November, 1983	44.83	
December, 1983	44.76	32.70
January, 1984	44.65	
February, 1984	44.53	32.90
March, 1984	44.43	32.70
April, 1984	44.31	32.90
May, 1984	44.14	32.50
June, 1984	44.00	32.22
July, 1984	43.66	31.70
August, 1984	43.72	31.90
September, 1984	43.67	31.70
October, 1984	43.46	31.60
November, 1984	43.38	31.70
December, 1984	43.36	31.60
January, 1985	43.30	31.50
February, 1985	43.20	31.70
March, 1985	43.06	31.90
April, 1985	42.88	32.30
May, 1985	42.67	32.50
June, 1985	42.37	32.70
July, 1985	42.11	32.90
August, 1985	41.92	33.10
September, 1985	41.74	33.30
October, 1985	41.66	33.40
November, 1985	41.35	33.60
December, 1985	41.08	33.80
January, 1986	40.89	34.00
February, 1986	40.73	34.20
March, 1986	40.68	34.50
April, 1986	40.47	34.70
May, 1986	40.37	35.00
June, 1986	40.20	35.30
July, 1986	40.05	35.70
August, 1986	39.50	35.90
September, 1986	39.50	36.20
October, 1986	39.22	36.40
November, 1986	38.88	36.60
December, 1986	38.72	36.80
January, 1987	38.60	37.00
February, 1987	38.30	37.30
March, 1987	38.13	37.60
April, 1987	37.85	37.80
May, 1987	37.80	38.10

June, 1987	37.57	38.30
July, 1987	37.58	38.60
August, 1987	37.46	38.90
September, 1987	37.35	39.10
October, 1987	37.20	39.30
November, 1987	37.02	39.50
December, 1987	36.86	39.70
January, 1988	36.87	40.00
February, 1988	36.48	40.20
March, 1988	36.28	40.40
April, 1988	36.10	40.60
May, 1988	35.91	40.80
June, 1988	35.73	40.90
July, 1988	35.67	41.00
August, 1988	35.42	41.10
September, 1988	35.30	41.30
October, 1988	35.10	41.50
November, 1988	35.08	41.60
December, 1988	34.95	41.80
January, 1989	34.90	42.00
February, 1989	34.83	42.00
March, 1989	34.78	42.10
April, 1989	34.72	42.20
May, 1989	34.68	42.30
June, 1989	34.65	42.20
July, 1989	34.55	42.30
August, 1989	34.65	42.40
September, 1989	34.65	42.50
October, 1989	34.61	42.70
November, 1989	34.67	42.80
December, 1989	34.54	42.90
January, 1990	34.50	43.00
February, 1990	34.46	0
March, 1990	34.38	43.30
April, 1990	34.22	43.40
May, 1990	34.17	43.50
June, 1990	34.00	43.60
July, 1990	33.64	43.70
August, 1990	33.67	43.60
September, 1990	33.61	0
October, 1990	33.41	43.50
November, 1990	33.35	43.40
December, 1990	33.31	43.40
January, 1991	33.25	43.50
February, 1991	33.19	43.60
March, 1991	33.13	43.70
April, 1991	33.14	43.60
May, 1991	33.21	43.70
June, 1991	33.33	43.80
July, 1991	33.45	43.60
August, 1991	33.58	43.00
September, 1991	33.71	42.90
October, 1991	33.83	42.80
November, 1991	33.91	42.70
December, 1991	33.95	42.60
January, 1992	34.01	42.60
February, 1992	34.05	42.50
March, 1992	34.07	42.40
April, 1992	34.04	42.30
May, 1992	34.02	42.10
June, 1992	34.01	42.00
July, 1992	34.03	41.90
August, 1992	34.03	41.80
September, 1992	34.05	41.70
October, 1992	34.07	41.60
November, 1992	34.08	41.50
December, 1992	34.13	41.40
January, 1993	34.22	41.30
February, 1993	34.33	41.20
March, 1993	34.46	41.10
April, 1993	34.68	41.00
May, 1993	34.68	41.10
June, 1993	34.79	41.20
July, 1993	34.85	41.30
August, 1993	34.93	41.10
September, 1993	35.01	41.00
October, 1993	35.10	41.00
November, 1993	35.21	41.00
December, 1993	35.31	41.00
January, 1994	35.44	40.00
February, 1994	35.50	40.00

March, 1994	35.68	40.00
April, 1994	35.83	39.90
May, 1994	35.97	39.80
June, 1994	36.10	39.70
July, 1994	36.23	39.60
August, 1994	36.35	39.50
September, 1994	36.46	39.60
October, 1994	36.66	39.50
November, 1994	36.63	39.40
December, 1994	36.70	39.50
January, 1995	36.75	39.00
February, 1995	36.79	38.90
March, 1995	36.84	38.90
April, 1995	36.88	38.80
May, 1995	36.92	38.70
June, 1995	36.93	38.60
July, 1995	36.99	38.50
August, 1995	37.05	38.40
September, 1995	37.08	38.30
October, 1995	37.13	38.30
November, 1995	37.20	38.20
December, 1995	37.28	38.10
January, 1996	37.38	38.00

- o Take control of the marketing strategy
- Reinvest a portion of the cost savings
- Adopt a portfolio approach to marketing (de-emphasize brand management)
- Introduce regional brand strategies

STAGE THREE AT IMPERIAL TOBACCO: INTERNATIONAL SALES

[GRAPHIC OMITTED]

Pound Sterling in Millions

1987	37
1988	43
1989	42
1990	43
1991	49
1992	55
1993	61
1994	75
1995	117

- o Identify growth opportunities, especially international
- Prioritize resource allocation
- Aggressively enter newly developing markets
- Attain critical mass regionally, or exit

RESULTS AT IMPERIAL TOBACCO: OPERATING PROFIT GROWTH 1987-1995

[GRAPHIC OMITTED]

Pound Sterling in Millions

Operating Profit

1987	144
1988	171
1989	222
1990	249
1991	256
1992	284
1993	308
1994	328
1995	348

- o Dale Hanson to join Board of Directors
 - CEO, CalPERS from 1987 to 1994 (third largest pension system in the world)
 - A leader of the shareholder rights movement
- o Independent Nabisco
 - Neither Brooke nor its affiliates will exercise any management control over Nabisco
- o Restrictions on affiliate transactions
 - Transactions greater than \$2 million per year between RJR Nabisco and Brooke Group will be subject to approval by stockholders of RJR Nabisco
- o No staggered Board of Directors or poison pill at RJR Tobacco or Nabisco
- o Confidential voting on all future matters to be acted upon by shareholders
- o Termination of Directors' Retirement Plan
 - Current plan grants \$60,000 per year for up to 15 years

=====

PROPOSED BOARD OF DIRECTORS

=====

PROPOSED BOARD OF DIRECTORS

=====

- o The Shareholder Board is a stronger Board than the Management Board
 - Both Tobacco operating experience and understanding of legal issues

	Brooke Group Program	Management Program
	-----	-----
Tobacco Operating Experience(1).....	5	1
Attorneys.....	3	1
Academics.....	1	1
Investment Bankers.....	1	0
Corporate Governance Experts.....	1	0
Food Operating Experience.....	0	2
"Honorary" Appointees.....	0	5
	--	--
Total.....	11	10
	==	==

- - - - -

(1) More than three years

PROPOSED BOARD OF DIRECTORS

=====

The Brooke Group Program

Director (Age) -----	Experience -----
Arnold Burns(1) (65)	Former U.S. Deputy Attorney General
Rouben Chakalian(2) (60)	Chairman of Liggett, Ex-EVP, RJR International
Robert Frome (56)	Partner, Olshan Grundman Frome
Ronald Fulford (61)	Ex-CEO, Imperial Tobacco
Dale Hanson (53)	Ex-CEO, CalPERS
Richard Lampen(2) (42)	General Counsel, New Valley
Bennett LeBow(2) (58)	Chairman, Brooke Group
Barry Ridings(1) (43)	Managing Director, Alex. Brown
William Starbuck (61)	ITT Professor of Management, NYU
Peter Strauss (63)	Ex-SVP, American Tobacco
Frederick Zuckerman (61)	Ex-Treasurer, RJR, IBM and Chrysler

(1) New Valley Independent Director
(2) Brooke Group Insider

SUMMARY

BROOKE GROUP LTD.'S RETURNS

Annual Rates of Return Since
RJR's IPO in 1991

[Reprint of the
"LeBow . . . LeBankrupt"
advertisement publicized
by RJR Nabisco in various
papers on March 27, 1996.]

Brooke Groupe	29.3%
RJR Nabisco	-0.5%

=====

- o An immediate spinoff of Nabisco
- o \$2.00 Tobacco dividend
- o Tobacco operations led by Ronald Fulford, ex-CEO of Imperial Tobacco (Hanson plc)
- o Corporate governance guidelines overseen by Dale Hanson
- o First option on litigation settlement

APPENDIX

(Pursuant to Rule 304 of Regulation S-T)

1. Page 3 contains a description in tabular form of a graph which represents the comparison of U.S. tobacco market share of RJR Nabisco and Philip Morris for the years 1985 through 1995, which graph is contained in the paper format of this Additional Soliciting Material being delivered to stockholders.
2. Page 25 contains a description in tabular form of a graph describing "Operating Income as Percent of Sales" and "Capital Employed as Percent of Sales" at the following companies during the following years: (i) EverReady South Africa (1983-1987); (ii) EverReady Britain (1983-1986); (iii) London Brick (1984-1988); and Imperial Tobacco (1986-1995); which graph is contained in the paper format of this Additional Soliciting Material being delivered to stockholders.
3. Page 26 contains a description in tabular form of a graph entitled "Head Count" which represents the comparison of the number of employees during the years 1987 through 1995, which graph is contained in the paper format of this Additional Soliciting Material being delivered to stockholders.
4. Page 26 contains a description in tabular form of a graph entitled "Productivity" which represents the comparison of the Percentage Improvement from September 1987 through December 1995, which graph is contained in the paper format of this Additional Soliciting Material being delivered to stockholders.
5. Page 27 contains a description in tabular form of a graph which represents market share of (i) Imperial Tobacco from December 1981 through January 1996 and (ii) Gallaher from December 1982 through January 1996, which graph is contained in the paper format of this Additional Soliciting Material being delivered to stockholders.
6. Page 28 contains a description in tabular form of a graph which represents international sales in millions of U.K. pounds during the years 1987 through 1995, which graph is contained in the paper format of this Additional Soliciting Material being delivered to stockholders.
7. Page 29 contains a description in tabular form of a graph which represents operating profit growth for the years 1987 through 1995, which graph is contained in the paper format of this Additional Soliciting Material being delivered to stockholders.
8. Page 35 contains a description in tabular form of a graph which represents a comparison of annual rates of return of RJR Nabisco and Brooke Group since RJR Nabisco's IPO in 1991, which graph is contained in paper format of this Additional Soliciting Material being delivered to stockholders.