

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1997-03-10** | Period of Report: **1996-12-31**
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FILER

NABISCO HOLDINGS CORP

CIK: **932130** | IRS No.: **133077142** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-13556** | Film No.: **97554008**
SIC: **2052** Cookies & crackers

Mailing Address
7 CAMPUS DR
P O BOX 311
PARSIPPANY NJ 07054

Business Address
7 CAMPUS DR
P O BOX 311
PARSIPPANY NJ 07054
2016825000

NABISCO INC

CIK: **69526** | IRS No.: **131841519** | State of Incorporation: **NJ** | Fiscal Year End: **1231**
Type: **10-K405** | Act: **34** | File No.: **001-01021** | Film No.: **97554009**
SIC: **2000** Food and kindred products

Mailing Address
7 CAMPUS DRIVE
P O BOX 311
PARSIPPANY NJ 07054

Business Address
7 CAMPUS DRIVE
P O BOX 311
PARSIPPANY NJ 07054
2016825000

<TABLE>
 <C> <S>
 NABISCO HOLDINGS CORP.: 51,819,653 SHARES OF CLASS A COMMON STOCK, PAR VALUE \$.01 PER
 SHARE
 213,250,000 SHARES OF CLASS B COMMON STOCK, PAR VALUE \$.01 PER
 SHARE
 NABISCO, INC.: 100 SHARES OF COMMON STOCK, PAR VALUE \$2.50 PER SHARE
 </TABLE>

 NABISCO, INC. MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J(1)(A)
 AND (B) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH THE REDUCED
 DISCLOSURE FORMAT.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF THE DEFINITIVE PROXY STATEMENT OF NABISCO HOLDINGS CORP. TO BE FILED
 WITH THE SECURITIES AND
 EXCHANGE COMMISSION PURSUANT TO REGULATION 14A OF THE SECURITIES EXCHANGE ACT OF
 1934 ON OR PRIOR TO APRIL 30, 1997 ARE INCORPORATED BY REFERENCE INTO PART III
 OF THIS REPORT.

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PART I

ITEM 1. BUSINESS

(A) GENERAL DEVELOPMENT OF BUSINESS

The operating subsidiaries of Nabisco Holdings Corp. ("Nabisco Holdings")
 comprise one of the largest food companies in the world. In the United States,
 the packaged food business is conducted by Nabisco Holdings' subsidiary,
 Nabisco, Inc. ("Nabisco"), the largest manufacturer and marketer of cookies and
 crackers. Food operations outside the United States are conducted by Nabisco
 International, Inc. ("Nabisco International") and Nabisco Ltd, subsidiaries of
 Nabisco. For financial information with respect to operations in various
 geographic locations, see Item 7, "Management's Discussion and Analysis of
 Financial Condition and Results of Operations" and Note 14 to the consolidated
 financial statements, and the related notes thereto, of Nabisco Holdings and
 Nabisco as of December 31, 1996 and 1995 and for each of the years in the
 three-year period ended December 31, 1996 (the "Consolidated Financial
 Statements").

Nabisco Holdings was incorporated in Delaware in 1981 under the name of Nabisco Brands, Inc. in connection with the combination of Nabisco, Inc., which was incorporated in 1898 as the National Biscuit Company, and Standard Brands Incorporated, which was incorporated in 1929 in connection with the combination of The Fleischmann Company, Chase & Sanborn, Inc., Royal Baking Powder Company and E.W. Gillette Company, Limited.

In 1985, Nabisco Holdings was acquired by RJR Nabisco, Inc. ("RJRN") and, in 1989, RJRN was acquired by RJR Nabisco Holdings Corp. ("RJRN Holdings").

On January 26, 1995, Nabisco Holdings completed the initial public offering of 51,750,000 shares of its Class A Common Stock, par value \$.01 per share (the "Class A Common Stock"), at an initial offering price of \$24.50 per share. RJRN owns 100% of the outstanding Class B Common Stock, par value \$.01 per share (the "Class B Common Stock" and, together with the Class A Common Stock, the "Common Stock"), which represents approximately 80.5% of the economic interest in Nabisco Holdings and approximately 97.6% of the combined voting power of Nabisco Holdings' outstanding Common Stock. In connection with the offering, RJRN, RJRN Holdings and Nabisco Holdings entered into agreements to exchange certain services, to establish tax sharing arrangements and to provide RJRN with certain preemptive and registration rights with respect to securities of Nabisco Holdings and Nabisco.

In recent years, subsidiaries of Nabisco Holdings have completed a number of acquisitions to expand the domestic and international food businesses. During 1996, subsidiaries of Nabisco acquired the stock of the Mayco and Capri biscuit businesses and the Vizzolini pasta business in Argentina, the stock of Pilar, a Brazilian biscuit business and the stock of Fontaneda, a Spanish biscuit business. In addition, Nabisco formed the Nabisco Taiwan Corporation which purchased the biscuit, confectionery and snack food assets of a Taiwan-based manufacturer.

In 1995, these acquisitions included (i) certain trademarks and other assets of Kraft Foods' U.S. and Canadian margarine and tablespreads business; (ii) certain trademarks and other assets of Primo Foods Limited, a Canadian manufacturer of dry pasta, canned tomatoes and other Italian food products; (iii) a 50% interest in Royal Beech-Nut (pty) Ltd., a South African subsidiary of Del Monte Royal Foods Ltd., whose brands include Beechies, LifeSavers candy and Royal dessert mixes; (iv) certain production assets of the Salerno Baking division of Sunshine Biscuits; (v) the assets of Avare and Gumz, two Brazilian milk product companies and (vi) certain trademarks and other assets of Galletera Tejerias, S.A., a biscuit company in Venezuela.

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In 1994, these acquisitions included (i) the KNOX gelatine brand and (ii) an approximately 99% interest in Establecimiento Modelo Terrabusi S.A., Argentina's second largest biscuit and pasta maker.

In recent years, subsidiaries of Nabisco Holdings sold a number of businesses which no longer met strategic objectives. In 1995, Nabisco sold the ORTEGA Mexican food and the New York Style Bagel Chip businesses and in 1993, Nabisco completed the sale of its ready-to-eat cold cereal business to Kraft Foods, Inc. and one of its affiliates.

Nabisco will continue to assess its businesses to evaluate their consistency with strategic objectives. Although Nabisco may acquire and divest additional businesses in the future, no decisions have been made with respect to any such acquisitions or divestitures. Under the provisions of existing credit agreements, however, there are restrictions on the sale or disposition of all, substantially all or any substantial portion of certain domestic businesses of Nabisco. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

During 1995, Nabisco Holdings and Nabisco completed a number of transactions to repay and retire all intercompany debt with RJRN and enable Nabisco to obtain long-term debt financing independent of RJRN. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

(B) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

During 1994, 1995 and 1996, Nabisco engaged in the food business and related activities only. Accordingly, no separate industry segment information is provided.

(C) NARRATIVE DESCRIPTION OF BUSINESS

Nabisco's businesses in the United States are comprised of the Nabisco Biscuit, Specialty Products, LifeSavers, Planters, Nabisco Tablespreads (formerly Fleischmann's) and Food Service Companies (collectively, the "Domestic Food Group"). Nabisco's businesses outside the United States are conducted by Nabisco Ltd and Nabisco International (collectively, the "International Food Group").

Food products are sold under trademarks owned or licensed by Nabisco and brand recognition is considered essential to their successful marketing. None of Nabisco's customers accounted for more than 10% of sales for 1996.

DOMESTIC FOOD GROUP OPERATIONS

NABISCO BISCUIT COMPANY. Nabisco Biscuit Company is the largest manufacturer and marketer in the United States cookie and cracker industry with nine of the top ten selling brands, each of which had annual net sales of over \$100 million in 1996. Overall, in 1996, Nabisco Biscuit had a 41.0% share of the domestic cookie category and a 55.8% share of the domestic cracker category, in the aggregate more than two times the share of its closest competitor. Leading Nabisco Biscuit cookie brands include OREO, CHIPS AHOY!, SNACKWELL'S and NEWTONS. Leading Nabisco Biscuit cracker brands include RITZ, PREMIUM, NABISCO HONEY MAID GRAHAMS, TRISCUIT, WHEAT THINS and AIR CRISPS.

OREO and CHIPS AHOY! are the two largest selling cookies in the United States. OREO, the leading sandwich cookie, is Nabisco Biscuit's largest selling cookie brand. Line extensions such as OREO DOUBLE STUF, FUDGE COVERED OREO and Reduced Fat OREO continue to increase the brand's

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appeal to targeted consumer groups. CHIPS AHOY! is the leader in the chocolate chip cookie segment with line extensions such as CHUNKY CHIPS AHOY! and CHEWY CHIPS AHOY! broadening its appeal and adding incremental sales.

NEWTONS, the oldest Nabisco Biscuit cookie brand, is the fourth leading cookie brand in the United States. In recent years, the introductions of fat free and reduced calorie varieties of Newtons, as well as NEWTONS COBBLERS, have expanded the appeal of NEWTONS.

Nabisco Biscuit's cracker business is led by RITZ, the largest selling cracker in the United States, as well as RITZ BITS, RITZ BITS SANDWICHES, REDUCED FAT RITZ, successful product line extensions which, together with RITZ, accounted for 13.9% of cracker sales in the United States in 1996. In addition, PREMIUM, the oldest Nabisco cracker brand and the leader in the saltine cracker segment, is joined by NABISCO HONEY MAID GRAHAMS, WHEAT THINS and TRISCUIT to comprise, along with RITZ, five of the six largest selling cracker brands in the United States. AIR CRISPS, a line of light crispy baked snacks in Ritz, Cheese Nips, Wheat Thins and Pretzel varieties was launched nationally in 1996 and has already achieved sales in excess of \$100 million.

In 1992, Nabisco Biscuit became the leading manufacturer and marketer of no fat/reduced fat cookies and crackers with the introduction of the SNACKWELL'S line which is now the third largest cookie brand in the U.S.

Nabisco Biscuit's other cookie and cracker brands, which include NILLA, NUTTER BUTTER, STELLA D'ORO, BETTER CHEDDARS, CHEESE NIPS AND BARNUM'S ANIMAL CRACKERS, compete in consumer niche segments. Many are the first or second largest selling brands in their respective segments.

In 1994, Nabisco Biscuit entered the breakfast snack aisle with the launch of SNACKWELL'S cereal bars and granola bars along with the repositioning of TOASTETTES toaster pastries. Nabisco introduced SNACKWELL'S fat free toaster pastries in 1996.

Nabisco Biscuit's products are manufactured in 14 Nabisco Biscuit owned facilities and in 13 facilities with which Nabisco Biscuit has production agreements. These facilities are located throughout the United States. Nabisco Biscuit also operates a flour mill in Toledo, Ohio which supplies over 85% of its flour needs.

Nabisco Biscuit's products are sold to major grocery and other large retail chains through Nabisco Biscuit's direct store delivery system. The system is supported by a distribution network utilizing 10 major distribution warehouses and 126 shipping branches where shipments are consolidated for delivery to approximately 119,000 separate delivery points. Nabisco believes this sophisticated distribution and delivery system provides it with a significant service advantage over its competitors.

SPECIALTY PRODUCTS COMPANY. The Specialty Products Company manufactures and markets a broad range of food products, with sauces and condiments, pet snacks, hot cereals, healthy packaged egg products, dry mix desserts, and nonfat chocolate yogurt representing the largest categories. Many of Specialty Products Company products are first or second in their product categories. Well-known brand names include A.1. steak sauces, GREY POUPON mustards, MILK-BONE pet snacks, CREAM OF WHEAT hot cereals, EGGBEATERS healthy packaged egg product and ROYAL desserts.

Specialty Products' primary entries in the sauce and condiment segments are A.1. and A.1. BOLD steak sauces, the leading line of steak sauces, and GREY POUPON mustards, which include the leading Dijon mustard.

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Specialty Products is the second largest manufacturer of pet snacks in the United States with MILK-BONE dog biscuits. MILK-BONE products include MILK-BONE ORIGINAL BISCUITS, FLAVOR SNACKS, DOG TREATS, BUTCHER'S CHOICE, and DOGGIE BAG TREATS.

The Specialty Products Company, a leading manufacturer of hot cereals, participates in the cook-on-stove and mix-in-bowl segments of the category. CREAM OF WHEAT, the leading wheat-based hot cereal, and CREAM OF RICE participate in the cook-on-stove segment and nine varieties of INSTANT CREAM OF WHEAT participate in the mix-in-bowl segment. Quaker Oats Company is the most significant participant in the hot cereal category.

Specialty Products manufactures products in five plants and sources products from a number of contract manufacturers. Specialty Products utilizes Nabisco's Sales & Integrated Logistics Group to manage the sales and distribution of its products. Its products are primarily sold to retail grocery chains, drug stores, mass merchandisers and other major retail outlets through a direct sales force. Independent brokers are used to sell its refrigerated and frozen products.

LIFESAVERS COMPANY. The LifeSavers Company manufactures and markets non-chocolate candy and gum primarily for sale in the United States. LifeSavers' well-known brands include LIFE SAVERS candy, BREATH SAVERS sugar free mints, BUBBLE YUM bubble gum, FRUIT STRIPE gum, CARE*FREE sugarless gum, NOW & LATER fruit chewy taffy, ICE BREAKERS gum, and GUMMI SAVERS fruit chewy candy. LIFE SAVERS is the largest selling non-chocolate candy brand in the United States, with a 1996 share of 5.4% of the non-chocolate candy category, BREATH SAVERS is the largest selling sugar free breath mint in the United States and BUBBLE YUM is the largest selling chunk bubble gum in the United States. LifeSavers' products are seasonally strongest in the fourth quarter.

LifeSavers manufactures its products in four plants and utilizes Nabisco's Sales & Integrated Logistics Group to manage the sales and distribution of its products. Its products are primarily sold to grocery stores, drug stores, mass merchandisers, convenience stores and membership club stores.

PLANTERS COMPANY. The Planters Company produces and markets nuts and snacks largely for sale in the United States, primarily under the PLANTERS trademark. Planters, the only brand sold nationally, is the clear leader in the packaged nut category. Planters' products are seasonally strongest in the fourth quarter.

Planters manufactures its products in two plants and utilizes Nabisco's Sales & Integrated Logistics Group to manage the sales and distribution of its products. Its products are primarily sold to grocery stores, drug stores, mass merchandisers, convenience stores and membership club stores.

FOOD SERVICE COMPANY. The Food Service Company sells through non-grocery channels, a variety of specially packaged food products of the Domestic Food Group including cookies, crackers, confections, hot cereals, sauces and condiments for the food service and vending machine industry. Food Service also sells frozen pies through its Plush Pippin business. The Food Service products are distributed by Nabisco's Sales & Integrated Logistics Group.

NABISCO TABLESPREADS COMPANY. The Nabisco Tablespreads Company manufactures and markets various margarines and spreads, and is the second largest margarine producer in the United States. Nabisco Tablespreads participates in all segments of the margarine category, with the FLEISCHMANN'S, BLUE BONNET and MOVE OVER BUTTER brands. Nabisco Tablespreads strengthened its position in the margarine category in 1995 with the October purchase of the Kraft Foods, Inc. margarine business which includes the PARKAY, TOUCH OF BUTTER and CHIFFON brands. Nabisco Tablespreads currently manufactures in two facilities, and sources products from two contract manufacturers. Nabisco

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Tablespreads utilizes Nabisco's Sales and Integrated Logistics Group to manage the sales and distribution of its products which are sold primarily to grocery stores.

SALES & INTEGRATED LOGISTICS GROUP. The Sales & Integrated Logistics Group handles sales and distribution for Specialty Products, LifeSavers, Planters and Nabisco Tablespreads Companies and distribution for the Food Service Company. It sells to retail grocery chains through independent brokers and a direct sales force, and to drug stores, mass merchandisers and other major retail outlets through its direct sales force. The products are distributed from twenty distribution centers located throughout the United States.

INTERNATIONAL FOOD GROUP OPERATIONS

NABISCO LTD. Nabisco Ltd conducts Nabisco's Canadian operations through its Biscuit Division, Grocery Division and Food Service Division. Excluding private label brands, the Biscuit Division produced nine of the top ten cookies and nine of the top ten crackers in Canada in 1996. Nabisco Ltd's cookie and cracker brands in Canada include OREO, CHIPS AHOY!, SNACKWELL'S, FUDGE-O, PEEK FREANS, DAD'S, DAVID, PREMIUM PLUS, RITZ, TRISCUIT and STONED WHEAT THINS. These products are manufactured in five bakeries in Canada and are sold through a

direct store delivery system, utilizing 11 sales offices and distribution centers and a combination of public and private carriers. Nabisco Ltd also markets a variety of single-serve cookies, crackers and salty snacks under such brand names as MINI OREO, RITZ BITS SANDWICHES and CRISPERS.

Nabisco Ltd's Grocery Division produces and markets canned fruits and vegetables, fruit juices and drinks, and pet snacks. The Grocery Division is the leading canned fruit producer in Canada and is the second largest canned vegetable producer in Canada. Canned fruits, vegetables, soups and fruit juices and drinks are marketed under the DEL MONTE trademark, pursuant to a license from the Del Monte Corporation, and under the AYLNER trademark. The Grocery Division also markets MILK-BONE pet snacks and MAGIC baking powder, each a leading brand in Canada. Nabisco Ltd's Grocery Division operated seven manufacturing facilities in 1996, five were devoted to canned products, principally fruits and vegetables, one produced pet snacks and one produced pasta. The Grocery Division's products are sold directly to retail chains and are distributed through five regional warehouses. In 1995, Nabisco Ltd acquired the PRIMO brand for dry pasta, canned tomatoes and other Italian food products which are manufactured in two facilities and distributed in certain geographic areas by a direct store delivery system.

In 1995, Nabisco Ltd re-entered the margarine and tablespread business with its acquisition of the PARKAY, TOUCH OF BUTTER and CHIFFON brands from Kraft Canada Inc. These products are currently manufactured and distributed under agreements with Ault Foods, Ltd., to which firm Nabisco Ltd licensed the Parkay brand in November 1996.

Nabisco Ltd's Food Service Division sells a variety of specially packaged food products including cookies, crackers, canned fruits, vegetables and condiments to non-grocery outlets. The Food Service Division has its own sales and marketing organization and sources product from Nabisco Ltd's other divisions.

NABISCO INTERNATIONAL. Nabisco International is a leading producer of biscuits, powdered dessert and drink mixes, baking powder, pasta, juices, milk products and other grocery items, as well as, industrial yeast and bakery ingredients. Nabisco International also exports a variety of Domestic Food Group products to markets in Europe, the Middle East, Latin America, Africa and Asia from the United States. It is one of the largest multinational packaged food businesses in Latin America, with operations in 17 countries.

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Nabisco International manufactures and markets biscuits and crackers under the NABISCO brand, yeast, baking powder and bakery ingredients under the FLEISCHMANN'S and ROYAL brands, desserts and drink mixes under the ROYAL brand, processed milk products under the GLORIA, AVARE, and GUMZ brands, juice under the MAGUARY brand, and canned fruits and vegetables under the DEL MONTE brand, pursuant to a license from the Del Monte Corporation.

Nabisco International's largest market is Brazil, where it operates 15 plants. In biscuits, Nabisco International is the market leader in Spain, Venezuela, Puerto Rico, Nicaragua, Uruguay and Taiwan, and holds strong number two positions in Argentina, Peru, Ecuador and other Central American markets. Nabisco International is the market leader in powdered desserts in Spain and most of Latin America, in the yeast category in Brazil, and certain other Latin American countries, in baking powder throughout South America, and in canned vegetables in Venezuela.

Nabisco International also maintains a strong position in the processed milk category in Brazil and expanded its market share through the 1995 acquisitions of Avare (I.C.P.A. Cerqueirense Ltda.) and Gumz Alimentos S.A. Industria e Comercio.

In Argentina, Nabisco International acquired 71% of Establecimiento Modelo Terrabusi S.A. in April 1994, and increased its interest in the Argentine biscuit and pasta company to approximately 99% in October and November 1994.

Nabisco further strengthened its Latin American biscuit operations through the acquisitions of Companhia Produtos Pilar in Brazil, and Productos Mayco S.A.I.C.I.F. and Productos Capri S.A.C.I.I. in Argentina during 1996, and Galletera Tejerias, S.A. in Venezuela during 1995. Its pasta business was strengthened in Argentina via the acquisitions of Luis Vizzolini e Hijos, S.A.I.C., and initiated in Brazil with the Pilar acquisition.

Nabisco International significantly increased its presence in Europe through its 1993 and 1994 100% acquisition of Royal Brands, S.A. in Spain and Royal Brands Portugal. Nabisco International's products in Spain include biscuits marketed under the ARTIACH and MARBU trademarks, powdered dessert mixes marketed under the ROYAL trademark, and various other foods, including canned meats and juices. In 1996, it consolidated its market leadership position in biscuits with the acquisition of Galletas Fontaneda, S.A.

In 1995, Nabisco International re-entered the South African market through the acquisition of 50% of Royal Beech-Nut (Pty) Ltd., which it previously owned.

Royal Beech-Nut markets baking powder and powdered dessert mixes under the ROYAL brand, chewing gum under the BEECHIES and CARE*FREE brands and candy under the LIFESAVERS and BEECH-NUT brands.

In Asia, Nabisco International continues to expand its Chinese biscuit business through a joint venture in Beijing and a wholly-owned subsidiary in Shanghai. The Beijing bakery was trebled in size and a greenfield plant outside Shanghai started up in 1996. In addition, a greenfield plant, 70% owned by Nabisco and 30% by its partner and distributor P. T. Rodamas--Indonesia, started up this year. Biscuit leadership in Taiwan was gained in 1996 through the acquisition of the assets of Lucky Enterprises Corporation Limited, the leading biscuit company in Taiwan.

Nabisco International's grocery products are sold to retail outlets through its own local country sales forces and independent wholesalers and distributors. Industrial yeast and bakery products are sold to the bakery trade through Nabisco International's own local country sales forces and independent distributors.

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RAW MATERIALS

Various agricultural commodities constitute the principal raw materials used by Nabisco in its food businesses. These raw materials are purchased on the commodities market and through supplier contracts. Prices of agricultural commodities tend to fluctuate due to various seasonal, climatic and economic factors which generally also affect Nabisco's competitors. The Registrants believe that all of the raw materials for Nabisco products are in plentiful supply and are readily available from a variety of independent suppliers.

COMPETITION

Generally, the markets in which the Domestic Food Group and the International Food Group conduct their business are highly competitive. Competition consists of large domestic and international companies, local and regional firms and generic and private label products of food retailers. Competition is conducted on the basis of brand recognition, brand loyalty, quality and price. Substantial advertising and promotional expenditures are required to maintain or improve a brand's market position or to introduce a new product.

The trademarks under which the Domestic Food Group and the International Food Group market their products are generally registered in the United States and other countries in which such products are sold and are generally renewable indefinitely. Nabisco and certain of its subsidiaries have from time to time granted various parties exclusive licenses to use one or more of their trademarks in particular locations. Nabisco does not believe that such licensing arrangements have a material effect on the conduct of its domestic or international business.

OTHER MATTERS

ENVIRONMENTAL MATTERS

The U.S. Government and various state and local governments have enacted or adopted laws and regulations concerning protection of the environment. The regulations promulgated by the Environmental Protection Agency and other governmental agencies under various statutes have resulted in, and will likely continue to result in, substantial expenditures for pollution control, waste treatment, plant modification and similar activities.

Nabisco Holdings or certain of its subsidiaries have been named "potentially responsible parties" with third parties under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or may have indemnification obligations with respect to thirteen sites. Liability under CERCLA is joint and several.

Nabisco and its subsidiaries have been engaged in a continuing program to assure compliance with federal, state and local environmental laws and regulations. Although it is difficult to identify precisely the portion of capital expenditures or other costs attributable to compliance with environmental laws and to estimate the cost of resolving these CERCLA matters, the Registrants do not expect such expenditures or costs to have a material adverse effect on their financial condition.

EMPLOYEES

At December 31, 1996, Nabisco had approximately 54,000 full time employees. Most of the unionized workers at Nabisco's domestic locations are represented under a national contract with the Bakery, Confectionery and Tobacco Workers International Union, which was ratified in August 1996 and which will expire in August 2001. Other unions represent the employees at a number of Nabisco locations. Nabisco Holdings believes that Nabisco's relations with these employees and with their unions are good.

(D) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS

For information about foreign and domestic operations for the years 1994 through 1996, see "Geographic Data" in Note 14 to the Consolidated Financial Statements.

ITEM 2. PROPERTIES

For information on properties, see Item 1. For additional information pertaining to the location of Nabisco's assets as of December 31, 1996 and 1995, see Note 14 to the Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

In the fourth quarter of 1995, purported RJRN Holdings' stockholders filed, on their own behalf and derivatively on behalf of RJRN Holdings and Nabisco Holdings, three putative class and derivative actions in the Court of Chancery of the State of Delaware in and for New Castle County against members of the RJRN Holdings' Board and RJRN Holdings and Nabisco Holdings, as nominal defendants. The actions were consolidated in December 1995. The plaintiffs allege, among other things, that the individual defendants breached their fiduciary duty and wasted corporate assets by undertaking the debt exchange offer and consent solicitation completed by RJRN and Nabisco, Inc. in June 1995 and by amending RJRN Holdings' By-Law provisions concerning the right to call stockholder meetings and procedures for stockholder action by written consent in August 1995. The plaintiffs allege that management took these and other actions to obstruct wrongfully a spin-off of Nabisco Holdings, to enrich the defendants at the expense of RJRN Holdings, its stockholders and Nabisco Holdings and to entrench the defendants in the management and control of RJRN Holdings. By agreement of the parties, the defendants' time to respond to the complaint in these consolidated actions has been extended, most recently, to May 9, 1997. RJRN Holdings believes that these allegations are without merit and, if necessary, will defend these actions vigorously.

Nabisco is a defendant in various lawsuits arising in the ordinary course of business. In the opinion of management, the resolution of these matters is not expected to have a material adverse effect on Nabisco's financial condition or results of operations. For additional information relating to legal proceedings, see "Other Matters--Environmental Matters" in Item 1.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANTS

The following table sets forth certain information concerning the executive officers of Nabisco Holdings and Nabisco:

<TABLE> <CAPTION>		BUSINESS EXPERIENCE DURING PAST FIVE YEARS AND OTHER INFORMATION	
NAME	AGE		
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<S>	<C>	<C>	
H. John Greeniaus	52	Chairman, President and Chief Executive Officer of Nabisco Holdings and of Nabisco since May 1996; previously President and Chief Executive Officer of Nabisco Holdings and of Nabisco, October 1994-May 1996; Vice Chairman of RJRN Holdings and of RJRN, June 1995-May 1996; Member of the Board of Directors of RJRN Holdings and of RJRN, June 1989-May 1996; Chairman and Chief Executive Officer of Nabisco, 1993-1994; President of Nabisco, 1987-1993. Member of the Board of Directors of Nabisco Holdings and of Nabisco since October 1994.	
James J. Postl	51	Executive Vice President of Nabisco Holdings and of Nabisco since April 1996 and President of Nabisco Biscuit Company since January 1996; previously Senior Vice President of Nabisco Holdings and Vice President of Nabisco and President and Chief Executive Officer of Nabisco International, December 1994-December 1995; President and Chief Operating Officer of Nabisco International, February-December 1994; prior thereto, President of Hostess Frito-Lay, Canada and President, Americas, PepsiCo Foods International, 1991-1994.	
Douglas R. Conant	45	Executive Vice President of Nabisco Holdings and of Nabisco since June 1995 and President of Nabisco U.S. Foods Group since February 1997; previously President of Sales & Integrated Logistics Group, 1994-June 1995; Senior Vice President-Marketing of Nabisco Biscuit Company, 1993-1994; Vice President and General Manager of Fleischmann's Company, 1992.	
Christopher J. Coughlin	44	Executive Vice President of Nabisco Holdings and of Nabisco since April	

1996 and President of Nabisco International since February 1997; previously Executive Vice President and Chief Financial Officer of Nabisco Holdings and Nabisco April 1996 - February 1997; prior thereto, Consultant, 1995-1996; Chief Financial Officer and member of the Board of Directors of Sterling Winthrop, Inc. (a subsidiary of Eastman Kodak Company), 1992-1994.

Joseph W. Farrelly 52 Executive Vice President and Chief Information Officer of Nabisco Holdings and of Nabisco since April 1995; previously Senior Vice President and Chief Information Officer of Nabisco Holdings, October 1994-April 1995, and of Nabisco, 1992-April 1995; prior thereto, Vice President of Automatic Data Processing, Inc. 1988-1992.

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<CAPTION>

NAME	AGE	BUSINESS EXPERIENCE DURING PAST FIVE YEARS AND OTHER INFORMATION
<S>	<C>	<C>
James A. Kirkman III	55	Executive Vice President, General Counsel and Secretary of Nabisco Holdings and of Nabisco since April 1995; previously Senior Vice President, General Counsel and Secretary of Nabisco Holdings, October 1994-April 1995, and of Nabisco, 1992-April 1995.
John F. Manfredi	56	Executive Vice President-Corporate Affairs of Nabisco Holdings and of Nabisco since April 1995; previously Senior Vice President-Corporate Affairs of Nabisco Holdings, October 1994-April 1995; Senior Vice President-External and Government Affairs of Nabisco, 1992-April 1995.
C. Michael Sayeau	51	Executive Vice President-Human Resources of Nabisco Holdings and of Nabisco since April 1995; previously Senior Vice President-Human Resources of Nabisco Holdings, October 1994-April 1995, and of Nabisco, 1992-April 1995.
Robert A. Schiffner, Jr.	47	Senior Vice President and Controller of Nabisco Holdings and of Nabisco since March 1997; previously Vice President and Controller of Nabisco Holdings and of Nabisco, April 1995-February 1997; Senior Director-Finance and Business Development, Specialty Products Company, January 1994-March 1995; Vice President-Planning and Trade Marketing, Sales & Integrated Logistics Group, 1993; Vice President-Finance, Nabisco Foods Company, 1990-1992.
Francis X. Suozzi	56	Senior Vice President and Treasurer of Nabisco Holdings and of Nabisco since March 1997; previously Vice President and Treasurer of Nabisco Holdings and of Nabisco, February 1995-February 1997; Vice President and Assistant Treasurer of RJRN, March 1994-February 1995; prior thereto, Managing Director of First Intercontinental Group, 1991-1994.

</TABLE>

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PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Class A Common Stock of Nabisco Holdings commenced trading on the New York Stock Exchange (the "NYSE") on January 20, 1995. There is no public trading market for the Class B Common Stock of Nabisco Holdings, all of which is held by RJRN. All of the common stock of Nabisco, Inc, is held by Nabisco Holdings.

As of January 31, 1997, there were approximately 670 record holders of the Class A Common Stock. The initial public offering price of the Class A Common Stock was \$24.50. The closing price on the NYSE of the Class A Common on February 28, 1997 was \$41 1/8.

The following table sets forth, for the calendar periods indicated, the high and low sales prices per share for the Class A Common Stock on the NYSE Composite Tape, as reported in the Wall Street Journal.

<TABLE>
<CAPTION>

1996	HIGH	LOW
<S>	<C>	<C>
First Quarter	\$36 7/8	\$30
Second Quarter	\$36 1/4	\$30 1/2
Third Quarter	\$35 5/8	\$31 1/8
Fourth Quarter	\$40 1/4	\$32 1/8

</TABLE>

<TABLE>
<CAPTION>

1995				
<S>	<C>	<C>	<C>	<C>
First Quarter, commencing January 20	\$29	3/8	\$25	29/64
Second Quarter	\$30	1/4	\$25	1/2
Third Quarter	\$30	1/4	\$26	1/4
Fourth Quarter	\$32	5/8	\$26	1/4
</TABLE>				

On July 1, 1995, Nabisco Holdings paid an initial quarterly dividend of \$.1375 per share, or \$36 million. Nabisco Holdings paid a similar dividend on October 1, 1995, January 1, 1996 and April 1, 1996. Commencing with the July 1, 1996 payment, the quarterly cash dividend on its common stock was increased to \$.155 per share or \$.62 per share on an annual basis.

The operations of Nabisco Holdings are conducted through Nabisco and its subsidiaries, and therefore Nabisco Holdings is dependent on the earnings and cash flow of Nabisco and its subsidiaries to satisfy its obligations and other cash needs. For information concerning limitations on dividends, see Item 7, "Management's Discussion and Analysis--Liquidity and Financial Condition" and Note 9 to the Consolidated Financial Statements. Nabisco Holdings does not believe that the provisions of the credit facilities will limit its ability to pay its anticipated quarterly dividends. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Financial Condition".

RJRN Holdings has advised Nabisco Holdings that its current intent is to continue to hold all of the Class B Common Stock beneficially owned by RJRN Holdings, and RJRN Holdings' board of directors has adopted policies setting forth RJRN Holdings' intention not to make such a distribution prior to December 31, 1998 if such distribution would cause the ratings of the senior indebtedness of RJRN to be reduced from investment grade to non-investment grade or if, after giving effect to such distribution, any publicly held senior debt of Nabisco Holdings would not be rated investment grade. However, the board of directors of Nabisco Holdings is aware that the board of directors of RJRN Holdings is committed to effecting a spin-off of Nabisco Holdings at the appropriate time. RJRN Holdings has no agreement with Nabisco Holdings not to sell or distribute such shares, and there can be no assurance concerning the period of time during which RJRN Holdings will maintain the present levels of its beneficial ownership of Common Stock. RJRN Holdings has received notices from affiliates of each of Carl C. Icahn, Bennett S. LeBow (the "LeBow Group") and their respective affiliates of their intent to launch separate proxy

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solicitations to elect a new slate of directors of RJRN Holdings. The notices from the two groups state that their nominees are committed to an immediate spin-off of Nabisco Holdings. On February 27, 1997, Mr. Icahn filed an amendment (the "Amendment") to Schedule 13D on behalf of himself and several affiliated entities (together, the "Icahn Group") and Mr. Thomas Rattigan. The Amendment stated that it would be "exceedingly difficult" to prevail in a proxy contest with the management of RJRN Holdings. The Amendment also stated that the Icahn Group had sold all of its shares of RJRN Common Stock. RJRN Holdings opposes both the Icahn and LeBow solicitations.

Beneficial ownership of at least 80% of the total voting power and value of the outstanding Common Stock is required in order for RJRN Holdings to continue to include Nabisco Holdings in its consolidated group for federal income tax purposes and ownership of at least 80% of the total voting power and 80% of each class of nonvoting capital stock is required in order for RJRN Holdings to be able to effect a tax-free spin-off of Nabisco Holdings in the future.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data of Nabisco Holdings Corp. ("Nabisco Holdings") presented below as of December 31, 1996 and 1995 and for each of the years in the three-year period ended December 31, 1996 were derived from the consolidated financial statements of Nabisco Holdings (the "Consolidated Financial Statements") set forth herein, which have been audited by Deloitte & Touche LLP, independent auditors. In addition, the selected consolidated financial data of Nabisco Holdings presented below as of December 31, 1994, 1993 and 1992 and for each of the years in the two year period ended December 31, 1993 were derived from audited consolidated financial statements of Nabisco Holdings, not presented herein. The data should be read in conjunction with the Consolidated Financial Statements, related notes and other financial information included herein.

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31,				
<S>	<C>	<C>	<C>	<C>	<C>
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)	1996	1995	1994	1993	1992
RESULTS OF OPERATIONS					
Net sales.....	\$ 8,889	\$ 8,294	\$ 7,699	\$ 7,025	\$ 6,707

Cost of products sold.....	5,226	4,776	4,295	3,831	3,623
Selling, advertising, administrative and general expenses(1).....	2,533	2,389	2,292	2,245	2,174
Amortization of trademarks and goodwill.....	228	227	225	218	212
Restructuring expense.....	428	--	--	153	63
Operating income.....	474	902	887	578	635
Interest expense(2).....	(329)	(349)	(376)	(416)	(491)
Gain on sale of business(3).....	--	--	--	--	98
Other income (expense), net(4).....	(32)	(17)	(20)	(19)	4
Income before income taxes.....	113	536	491	143	246
Provision for income taxes.....	96	222	224	51	170
Income before extraordinary item.....	17	314	267	92	76
Extraordinary item--loss on early extinguishment of debt, net of income taxes.....	--	(19)	--	--	(1)
Net income.....	\$ 17	\$ 295	\$ 267	\$ 92	\$ 75

<CAPTION>

PER SHARE DATA

<S>	<C>	<C>	<C>	<C>	<C>
Net income per common and common equivalent share:					
Income before extraordinary item.....	\$.06	\$ 1.20			
Extraordinary item.....	--	(.07)			
Net income.....	\$.06	\$ 1.13			
Dividends declared per common share.....	\$.6025	\$.4125			

</TABLE>

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<TABLE>

<CAPTION>

FOR THE YEARS ENDED DECEMBER 31,

(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

	1996	1995	1994	1993	1992
BALANCE SHEET DATA (AT END OF PERIODS)					
<S>	<C>	<C>	<C>	<C>	<C>
Working capital.....	\$ (340)	\$ --	\$ (1,463)	\$ (161)	\$ 164
Total assets.....	12,290	12,303	11,886	11,264	11,182
Total debt.....	4,488	4,455	5,640	225	204
Stockholders' equity(5).....	4,084	4,244	2,880	7,517	7,707

</TABLE>

- (1) For 1994 and prior years, selling, advertising, administrative and general expenses include the allocation from RJRN of corporate administrative costs not specifically attributable to an operating company. Such allocation was based on the ratio of Nabisco Holdings' invested capital (as defined below) to RJRN Holdings consolidated invested capital. See Note 10 to the Consolidated Financial Statements.
- (2) For 1994 and prior years, interest expense includes the allocation from RJRN of corporate interest expense and amortization of debt issuance costs not specifically attributable to an operating company. Such allocation was based on the ratio of Nabisco Holdings' invested capital at the beginning of the year (sum of working capital, property, plant and equipment, other assets, goodwill, trademarks and other intangibles and less minority interest liabilities) to RJRN Holdings' consolidated invested capital at the beginning of the year, adjusted for (i) the change in Nabisco Holdings' invested capital during the year times (ii) the RJRN short-term borrowing rate. See Note 10 to the Consolidated Financial Statements.
- (3) Gain on sale of business represents the gain on the sale of the ready-to-eat cold cereal business of \$98 million in December 1992.
- (4) For 1994 and prior years, other income (expense), net includes the allocation from RJRN of interest income, foreign exchange gains or losses and other financial income and expenses not specifically attributable to an operating company. (See Note 10 to the Consolidated Financial Statements).
- (5) As of December 31, 1994 and prior, the amounts represent RJRN's investment in Nabisco Holdings.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF

OPERATIONS

The following discussion and analysis of Nabisco Holdings' financial condition and results of operations should be read in conjunction with the historical financial information included in the Consolidated Financial Statements.

The food business is conducted by operating subsidiaries of Nabisco Holdings. Nabisco's businesses in the United States are comprised of the Nabisco Biscuit, Specialty Products, LifeSavers, Planters, Nabisco Tablespreads (formerly Fleischmann's) and Food Service Companies (collectively, the "Domestic Food Group"). Nabisco's businesses outside the United States are conducted by Nabisco Ltd and Nabisco International, Inc. ("Nabisco International" and together with Nabisco Ltd, the "International Food Group").

RESULTS OF OPERATIONS

Summarized financial data for Nabisco Holdings is as follows:

<TABLE>

<CAPTION>

<S>	<C>			% CHANGE FROM PRIOR YEAR	
	1996	1995	1994	1996	1995
(DOLLARS IN MILLIONS)					
<S>	<C>	<C>	<C>	<C>	<C>
Net Sales:					
Domestic Food Group.....	\$ 6,315	\$ 6,020	\$ 5,729	5%	5%
International Food Group.....	2,574	2,274	1,970	13%	15%
Total Nabisco Holdings.....	\$ 8,889	\$ 8,294	\$ 7,699	7%	8%
Operating Company Contribution(1) (2):					
Domestic Food Group.....	\$ 888	\$ 890	\$ 935	--%	(5)%
International Food Group.....	242	239	177	1%	35%
Total Nabisco Holdings.....	\$ 1,130	\$ 1,129	\$ 1,112	--%	2%
Operating Income(2) (3):					
Domestic Food Group.....	\$ 333	\$ 687	\$ 730	(52)%	(6)%
International Food Group.....	141	215	157	(34)%	37%
Total Nabisco Holdings.....	\$ 474	\$ 902	\$ 887	(47)%	2%

</TABLE>

(1) Operating company contribution represents operating income before amortization of trademarks and goodwill and is exclusive of restructuring expense.

(2) Includes \$97 million of non-recurring restructuring implementation expenses related to the Domestic Food Group (\$91 million) and the International Food Group (\$6 million) in 1996.

(3) Operating income includes the June 1996 restructuring expense of \$428 million, consisting of \$353 million for the Domestic Food Group and \$75 million for the International Food Group.

1996 VS. 1995. Nabisco Holdings reported net sales of \$8.89 billion in 1996, an increase of 7% from the 1995 level of \$8.29 billion, with the Domestic Food Group up 5% and the International Food Group up 13%. The Domestic Food Group's sales increase was attributable to volume increases, principally at the Planters Company and in key core products at the Nabisco Biscuit Company, accounting for 1 percentage point of the increase, increased selling prices, principally at Biscuit, accounting for 3 percentage points of the increase with the remaining percentage point increase resulting from the net impact of the Parkay acquisition and the 1995 product line disposals. The Nabisco Biscuit Company's increase in net sales was primarily attributable to volume increases in the Oreo, Ritz, Air Crisps and Chips Ahoy! brands, partially

offset by lower volume for Snackwell's and Newtons. The Planters Company volume increase resulted from gains in the warehouse club and mass merchandising channels and a more stable competitive environment in the nut market. The International Food Group's net sales increase for 1996 was primarily driven by 1995 business acquisitions, principally Primo in Canada and Royal Beech Nut in South Africa, and the 1996 business acquisitions in Latin America.

Nabisco Holdings' operating company contribution of \$1.13 billion in 1996, was approximately equal to last year's level, with the International Food Group up 1% and the Domestic Food Group flat. Operating company contribution for 1996 includes \$91 million of restructuring related expenses in the Domestic Food Group associated with the implementation of the June 1996 restructuring program and the International Food Group includes similar expenses of \$6 million. The 1995 period includes a net gain of \$11 million from the sale of the Ortega Mexican food (\$18 million gain in the Domestic Food Group) and New York Style Bagel Chip (\$7 million loss in the International Food Group) businesses.

Excluding the 1996 restructuring related expenses, Nabisco Holdings' operating company contribution was \$1.23 billion, an increase of 9% from the \$1.13 billion reported in 1995. On the same basis, the operating company contribution for the Domestic Food Group increased \$89 million, or 10%, in 1996 primarily as a result of the profit impact from higher net sales, lower advertising expenses, partially offset by higher trade promotion expense and higher fixed manufacturing and distribution expenses. On the same basis, the International Food Group's operating company contribution increased \$9 million, or 4%, in 1996 and was primarily due to the profit impact from business acquisitions.

Nabisco Holdings' operating income in 1996 includes \$525 million of restructuring and restructuring related expenses. Excluding these expenses, operating income was \$999 million for 1996, an increase of 11% over the comparable 1995 period, reflecting higher operating company contribution.

1995 VS. 1994. Nabisco Holdings reported net sales of \$8.29 billion in 1995, an increase of 8% from the 1994 level of \$7.70 billion, with the Domestic Food Group up 5% and the International Food Group up 15%. The Domestic Food Group increase was primarily attributable to volume gains at the Nabisco Biscuit Company (approximately \$228 million), reflecting new product introductions and product line extensions, volume gains at the Food Service Company (approximately \$37 million), volume gains at Fleischmann's Company (approximately \$18 million) and the impact of the October, 1995 acquisition of Parkay brand margarine (approximately \$64 million), which were offset in part by volume declines at the Planters Company (approximately \$40 million) and the impact of the September, 1995 sale of the Ortega brand (approximately \$39 million). The International Food Group net sales increase for 1995 was primarily the result of improved results in Brazil (approximately \$120 million), due to a continuation of the country's economic recovery, the favorable impact of recent acquisitions (approximately \$112 million) and the favorable performance from businesses in Iberia, Canada and Venezuela (approximately \$65 million), partially offset by lower net sales in Mexico (approximately \$30 million) due to the devaluation of the peso.

Nabisco Holdings' operating company contribution was \$1.13 billion in 1995, an increase of 2% from the 1994 level of \$1.11 billion, with the International Food Group up 35% and the Domestic Food Group lower by 5%. The 1995 period includes a net gain of \$11 million from the sale of the Ortega Mexican food (\$18 million gain) and New York Style Bagel Chip (\$7 million loss) businesses, and the favorable impact of recent business acquisitions (approximately \$18 million). Excluding these items and the results of the business disposals in both years, Nabisco Holdings' operating company contribution was \$14 million lower than the 1994 level, with the International Food Group up 32% and the Domestic Food Group lower by 8%. As adjusted, the Domestic Food Group's operating company contribution decrease for 1995 (approximately \$70 million) reflects investment spending behind new product initiatives, and intense competitive conditions in biscuits and nuts created when two principal competitors were put up for sale. As adjusted, the International Food Group's increase in operating company contribution for 1995 (approximately \$56 million) was primarily due to the profit impact of increased sales in Brazil, Iberia, Canada and Venezuela (approximately \$34 million).

Nabisco Holdings' operating income was \$902 million in 1995, an increase of 2% from the 1994 level of \$887 million, as a result of the changes in operating company contribution discussed above.

RESTRUCTURING EXPENSE

In the second quarter of 1996, Nabisco recorded a restructuring expense of \$428 million (\$300 million after tax) related to a program announced on June 24, 1996. The restructuring program, which was undertaken to streamline operations and improve profitability, commenced during the second quarter of 1996 and will

be substantially completed during 1997. The restructuring expense for the Domestic Food Group amounted to \$353 million and consisted of approximately \$238 million for the Nabisco Biscuit Company, \$29 million for the Food Service Company, \$20 million for the Specialty Products Company and the remainder of approximately \$66 million for corporate headquarters operations, the Sales & Integrated Logistics Group and other business units. The restructuring expense for the International Food Group amounted to \$75 million and consisted of approximately \$51 million for Latin American operations, including \$31 million for Brazil, \$11 million for Canada, and \$10 million for Iberia.

The \$428 million restructuring expense will require cash expenditures of approximately \$230 million. In addition to the restructuring expense, the program required additional expenditures of approximately \$97 million (\$57 million after tax), all of which were incurred during 1996, for implementation and integration expenses, principally for relocation of employees and equipment and training. After completion of the restructuring program, pre-tax savings are expected to be approximately \$200 million annually.

The major components of the \$428 million restructuring expense are domestic and international severance and related benefits associated with workforce reductions totaling 6,000 employees (approximately \$194 million), estimated losses from disposals of equipment and packaging materials related to product line rationalizations, which will eliminate production of more than 300 SKU's (stock keeping units) relating to slow-moving products (approximately \$116 million), estimated loss to write-down the carrying value of several non-strategic product lines prior to sale (approximately \$51 million), estimated costs to terminate manufacturing supply and distribution contracts (approximately \$45 million) and estimated losses from disposals of property related to international plant closures and domestic and international facility reorganizations (approximately \$22 million).

As of December 31, 1996, approximately \$156 million of the restructuring expense accruals were utilized as follows: \$69 million for severance and related benefits; \$63 million for product line rationalizations; \$18 million for contract terminations and \$6 million for plant closures.

INTEREST AND DEBT EXPENSE

1996 VS. 1995. Consolidated interest expense of \$329 million in 1996 decreased 6% from 1995, primarily as a result of lower market interest rates, the completion of certain 1995 debt restructuring transactions and the application of the net proceeds from the sale and issuance of Class A Common Stock to retire debt in January 1995.

1995 VS. 1994. Consolidated interest expense of \$349 million in 1995 decreased 7% from 1994, primarily as a result of the application of the net proceeds from the sale and issuance of Class A Common Stock to retire debt and lower effective interest rates as a result of the 1995 debt transactions described below.

OTHER INCOME (EXPENSE), NET

Consolidated other income (expense), net, amounted to \$32 million of expense in 1996 versus \$17 million of expense in 1995, an increase of \$15 million of expense. The higher level of expense in 1996 reflects lower interest income and higher international financing costs.

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PROVISION FOR INCOME TAXES

The reported effective tax rate was 85.0% for 1996 and 41.4% for 1995. The higher tax rate in 1996 resulted from the greater impact of nondeductible goodwill amortization relative to income before income taxes, which includes the June 1996 restructuring expense, and from the 30% effective tax rate on the June 1996 restructuring expense. Excluding the restructuring expense and related tax benefit, the effective tax rate was 41.4% for 1996.

NET INCOME

Nabisco Holdings net income in 1996 includes after tax expenses of \$357 million related to the June 1996 restructuring program. Excluding the effects of this program, and the 1995 extraordinary loss on the early extinguishment of debt, 1996 net income would have been \$374 million, an increase of 19% from the 1995 level of \$314 million, primarily reflecting improved operating income.

Nabisco Holdings reported net income of \$295 million in 1995, an increase of \$28 million, or 10% from 1994. The 1995 increase resulted primarily from higher consolidated operating income and lower interest expense, as discussed above, partially offset by a \$19 million extraordinary loss on the early extinguishment of debt.

SEASONALITY

Nabisco's business is seasonal, with generally higher sales levels in the

fourth quarter. For information concerning seasonality, see "Quarterly Results of Operations" in Note 16 to the Consolidated Financial Statements.

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

In June 1996, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ("SFAS No. 125"), which provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996. The adoption of SFAS No. 125 is not expected to have any impact on the financial position or results of operations of Nabisco Holdings or Nabisco.

In October 1996, the AICPA's Accounting Standards Executive Committee issued Statement of Position No. 96-1, Environmental Remediation Liabilities ("SOP 96-1"), which requires adoption by the Companies on January 1, 1997. The adoption of SOP 96-1 will not materially affect the financial position or results of operations of Nabisco Holdings or Nabisco.

LIQUIDITY AND FINANCIAL CONDITION

Net cash flows from operating activities amounted to \$750 million for 1996 compared to \$657 million for 1995. The increase in net cash flows from operating activities primarily reflects lower working capital requirements, principally accounts receivable and inventories, and higher depreciation expense, partially offset by cash restructuring payments.

Net cash flows from operating activities for Nabisco Holdings amounted to \$657 million for 1995 compared to \$499 million for 1994. The increase in net cash flows from operating activities of \$158 million principally reflects increased income before extraordinary item (approximately \$47 million) and lower net working capital requirements (approximately \$70 million) principally due to lower income tax payments.

Cash flows used in investing activities decreased \$34 million in 1996 to \$594 million from \$628 million in 1995, primarily as a result of reduced 1996 spending for acquisitions and capital of approximately \$194

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million, partially offset by the absence of proceeds from the 1995 product line sales of approximately \$162 million.

Net cash flows used in investing activities decreased to \$628 million in 1995 down from \$886 million in 1994 primarily as a result of a decrease in expenditures for the acquisition of businesses (approximately \$158 million) and from the receipt of proceeds from the sale of businesses in 1995 (approximately \$162 million), partially offset by an increase in capital expenditures (approximately \$58 million).

Capital expenditures were \$437 million in 1996. Management expects that the current level of capital expenditures planned for 1997 will be approximately \$450 million, which is sufficient to support the strategic and operating needs of Nabisco Holdings' businesses. Management also expects that cash flow from operations will be sufficient to support its planned capital expenditures in 1997.

Cash flows used in financing activities amounted to \$182 million in 1996 compared to \$152 million in 1995. The \$30 million increase in cash flows used in financing reflects higher dividend payments and net repayments of long-term debt offset by increased short-term borrowings by foreign subsidiaries.

Cash flows used in financing activities in 1995 amounted to \$152 million compared with cash from financing activities of \$521 million in 1994. In 1995, Nabisco received approximately \$2,871 million of proceeds from the issuance of public debt, principally from (a) the June 28, 1995, issuance of \$400 million principal amount of 6.70% Notes Due 2002, \$400 million principal amount of 6.85% Notes Due 2005, and \$400 million principal amount of 7.55% Debentures Due 2015, and (b) the July 14, 1995 issuance of \$400 million principal amount of 7.05% Notes Due 2007. In addition, on August 17, 1995, Nabisco initiated a commercial paper program to finance its working capital needs.

Nabisco repaid \$467 million of debt in 1995, principally by redeeming on July 17, 1995 all of its outstanding 8 5/8% Sinking Fund Debentures Due March 15, 2017 at a price of \$1,051.75 for each \$1,000 principal amount of debentures, plus accrued and unpaid interest thereon. The aggregate redemption price and accrued interest on these debentures totalled approximately \$442 million.

Nabisco Holdings' and its subsidiaries repaid \$2,361 million of intercompany debt to RJRN and its non-Nabisco subsidiaries during 1995. Together with the exchange of securities completed in the Exchange Offers (as defined below), these transactions eliminated the entire amount of intercompany indebtedness to RJRN and its non-Nabisco affiliates, approximately \$4.1 billion, that was outstanding on December 31, 1994.

On June 5, 1995, RJRN and Nabisco consummated offers to exchange approximately \$1.8 billion aggregate principal amount of newly issued notes and debentures (the "Exchange Securities") of Nabisco for the same amount of notes and debentures (the "Old Securities") issued by RJRN (the "Exchange Offers"). As part of the transaction, RJRN returned to Nabisco approximately \$1.8 billion of intercompany notes that had been issued by Nabisco and held by a non-Nabisco affiliate of RJRN. The Exchange Securities issued by Nabisco in the Exchange Offers have principal amounts, interest rates, maturities and redemption provisions identical to the corresponding Old Securities issued by RJRN.

On October 31, 1996, Nabisco Holdings and Nabisco entered into a credit agreement (the "Nabisco 1996 Credit Agreement") with various financial institutions to replace the Nabisco 1995 Credit Agreement. Among other things, the Nabisco 1996 Credit Agreement provides lending commitments of \$1.5 billion for five years and the issuance of up to \$300 million of irrevocable letters of credit. Borrowings under the Nabisco 1996 Credit Agreement incur a floating interest rate usually based on the London interbank offered rate ("LIBOR"). Availability is reduced by the aggregate amount of borrowings outstanding and letters of credit issued under the Nabisco 1996 Credit Agreement and by the amount of outstanding Nabisco commercial paper in excess of \$1.5 billion. At December 31, 1996, the full \$1.5 billion remained available.

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On October 31, 1996, Nabisco Holdings and Nabisco entered into a 364 day \$1.5 billion credit facility (the "Commercial Paper Facility" and together with the Nabisco 1996 Credit Agreement, the "Nabisco 1996 Credit Facilities") primarily to support the issuance of commercial paper borrowings. Availability is reduced by an amount equal to the aggregate amount of outstanding Nabisco commercial paper. At December 31, 1996, approximately \$1,175 million of commercial paper was outstanding and \$325 million was available under the Commercial Paper Facility. At the end of the 364 day period, any bank borrowings outstanding under the Commercial Paper Facility is convertible into a three year term loan at Nabisco's option. Based on Nabisco's intention and ability to continue to refinance, for more than one year, the amount of its commercial paper borrowings in the commercial paper markets with borrowings under the Nabisco 1996 Credit Facilities, commercial paper borrowings have been included under long-term debt. A similar agreement existed during 1995.

The Nabisco 1996 Credit Facilities generally restrict common and preferred dividends and distributions after April 28, 1995 by Nabisco Holdings to holders of its equity securities to an aggregate amount equal to \$300 million plus 50% of Nabisco Holdings' cumulative consolidated net income after January 1, 1995. In general, loans and advances by Nabisco Holdings and its subsidiaries to RJRN are effectively subject to a \$100 million limit and may only be extended to RJRN's foreign subsidiaries.

The Nabisco 1996 Credit Facilities limit the ability of Nabisco Holdings and its subsidiaries to incur indebtedness, engage in transactions with stockholders and affiliates, create liens, acquire, sell or dispose of certain assets and securities and engage in certain mergers or consolidations. In addition, certain RJRN credit agreements indirectly limit the issuance of equity securities, beyond certain substantial amounts, by the Registrants and the sale or disposition of certain of their assets. The Registrants believe that they are currently in compliance with all covenants and restrictions imposed by the terms of their indebtedness.

On April 28, 1995, Nabisco Holdings and Nabisco entered into a credit agreement (as amended, the "Nabisco 1995 Credit Agreement") with various financial institutions to replace the Nabisco 1994 Credit Agreement. Among other things, the Nabisco 1995 Credit Agreement was designed to permit the Companies to prepay intercompany debt, to incur long-term debt, to increase Nabisco's committed facility from \$1.5 billion to \$3.5 billion, to extend its term from 364 days to five years, to provide for the issuance of up to \$300 million of irrevocable letters of credit and, as amended on November 3, 1995, to reduce lending commitments to \$2.0 billion from \$3.5 billion.

On November 14, 1995, Nabisco filed a shelf registration statement with the Securities and Exchange Commission (the "SEC") for \$1.0 billion of debt. The registration statement was declared effective by the SEC on December 20, 1995.

At December 31, 1996, there was \$558 million of accumulated and undistributed income of foreign subsidiaries. No applicable taxes have been provided because management intends for these earnings to be reinvested abroad indefinitely. Combined with an increase in international borrowings, these accumulated and undistributed earnings have and will continue to fund international acquisitions, new product introductions and other business building opportunities.

Inflation has not had a material effect on the Companies' business to date. Management believes that the effects of changing prices and inflation in 1996 have been successfully managed with both margins and earnings being protected through a series of pricing adjustments, cost control programs and productivity gains.

At December 31, 1996, Nabisco Holdings' total debt (notes payable and long-term debt, including current maturities) and total capital (total debt and stockholders' equity) amounted to approximately \$4.5 billion and \$8.6 billion, respectively, of which total debt is higher by approximately \$33 million and total capital is lower by \$127 million than at December 31, 1995. Approximately \$4.2 billion of this debt was issued by Nabisco, of which \$61 million was secured debt. The \$313 million balance was issued by various

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Nabisco subsidiaries. Nabisco Holdings' ratios of total debt to stockholders' equity and total debt to total capital were 1.10 to 1 and .52 to 1, respectively.

On July 1, 1995, Nabisco Holdings paid an initial quarterly dividend of \$.1375 per share, or \$36 million in total. Nabisco Holdings paid similar dividends on October 1, 1995, January 1, 1996 and April 1, 1996. Commencing with the July 1, 1996 payment, the quarterly cash dividend was increased to \$.155 per share or \$.62 per share on an annual basis.

The aggregate amount of dividends paid was approximately \$155 million during 1996. Nabisco Holdings believes that its internally generated cash and borrowings under the Nabisco 1996 Credit Facilities and any lines of credit it may establish will provide adequate funds for working capital, interest expense, capital expenditures and payment of its anticipated quarterly dividends. Nabisco Holdings expects to finance future acquisitions, if any, primarily from internally generated cash, borrowings or issuances of additional equity.

ENVIRONMENTAL MATTERS

Nabisco Holdings and its subsidiaries have been engaged in a continuing program to assure compliance with various federal, state and local governmental laws and regulations concerning the protection of the environment. Nabisco Holdings or certain of its subsidiaries have been named "potentially responsible parties" with third parties under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or may have indemnification obligations with respect to thirteen sites. Liability under CERCLA is joint and several. Although it is difficult to identify precisely the portion of capital expenditures or other costs attributable to compliance with environmental laws and to estimate the cost of resolving these CERCLA matters, management does not expect such expenditures or costs to have a material adverse effect on the financial condition of the Registrants.

The foregoing discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward-looking statements which reflect management's current views with respect to future events and financial performance. These forward-looking statements are based on many assumptions and factors including competitive pricing for products, commodity prices, success of new product innovations and acquisitions, economic conditions in countries where Nabisco Holdings' subsidiaries do business, the effects of currency fluctuations and the effects of government regulation. Any changes in such assumptions or factors could produce significantly different results. For additional information concerning factors affecting future events and Nabisco Holdings' performance, see Part I, Items 1 and 2 and Part II Item 5 of this report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Refer to the Index to Financial Statements on page 25 for the required information.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS

Item 10 is hereby incorporated by reference to Nabisco Holdings' Definitive Proxy Statement to be filed with the Securities and Exchange Commission on or prior to April 30, 1997. Reference is also made regarding the executive officers of the Registrants to "Executive Officers of the Registrants" following Item 4 of Part I of this Report.

ITEM 11. EXECUTIVE COMPENSATION

Item 11 is hereby incorporated by reference to Nabisco Holdings' Definitive Proxy Statement to be filed with the Securities and Exchange Commission on or prior to April 30, 1997.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Item 12 is hereby incorporated by reference to Nabisco Holdings' Definitive Proxy Statement to be filed with the Securities and Exchange Commission on or prior to April 30, 1997.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Item 13 is hereby incorporated by reference to Nabisco Holdings' Definitive Proxy Statement to be filed with the Securities and Exchange Commission on or prior to April 30, 1997.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

<TABLE>		
<S>	<C>	<C>
(A)	1.	The financial statements listed in the accompanying Index to Financial Statements are filed as part of this report.
	2.	The exhibits listed in the accompanying Index to Exhibits are filed as part of this report.
(B)		REPORTS ON FORM 8-K FILED IN FOURTH QUARTER 1996
		None.
(C)		EXHIBITS
		See Exhibit Index.
(D)		FINANCIAL STATEMENT SCHEDULES.
		None.
</TABLE>		

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany, State of New Jersey on March 10, 1997.

NABISCO HOLDINGS CORP.

By: /s/ ROBERT A. SCHIFFNER
.....
(Robert A. Schiffner)
Senior Vice President
and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 10, 1997.

<TABLE>		
<CAPTION>		
	SIGNATURE	TITLE

<S>	*	<C>
	Chairman, President, Chief
	(H. John Greeniaus)	Executive Officer (principal executive officer) and Director
	/s/ ROBERT A. SCHIFFNER	Senior Vice President and
	Controller (principal accounting officer)
	(Robert A. Schiffner)	
	*	Director
	
	(Herman Cain)	
	*	Director
	
	(John T. Chain, Jr.)	
	*	Director
	
	(Steven F. Goldstone)	
	*	Director
	
	(David B. Jenkins)	
	*	Director

.....
(Kay Koplovitz)

*

Director

.....
(John G. Medlin, Jr.)

</TABLE>

*By: /s/ JAMES A. KIRKMAN III

.....
(James A. Kirkman III)
Attorney-in-Fact

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany, State of New Jersey on March 10, 1997.

NABISCO, INC.

By: /s/ ROBERT A. SCHIFFNER

.....
(Robert A. Schiffner)
Senior Vice President
and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 10, 1997.

<TABLE>
<CAPTION>

SIGNATURE

TITLE

SIGNATURE	TITLE
..... * (H. John Greeniaus)	Chairman, President, Chief Executive Officer (principal executive officer) and Director
/s/ ROBERT A. SCHIFFNER (Robert A. Schiffner)	Senior Vice President and Controller (principal accounting officer)
..... * (Herman Cain)	Director
..... * (John T. Chain, Jr.)	Director
..... * (Steven F. Goldstone)	Director
..... * (David B. Jenkins)	Director
..... * (Kay Koplovitz)	Director
..... * (John G. Medlin, Jr.)	Director

</TABLE>

*By: /s/ JAMES A. KIRKMAN III

.....
(James A. Kirkman III)
Attorney-in-Fact

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INDEX TO FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

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Report of Deloitte & Touche LLP, Independent Auditors.....	F-2
Consolidated Statements of Income--Years Ended December 31, 1996, 1995 and 1994.....	F-3
Consolidated Statements of Cash Flows--Years Ended December 31, 1996, 1995 and 1994.....	F-4
Consolidated Balance Sheets--December 31, 1996 and 1995.....	F-5
Notes to Consolidated Financial Statements.....	F-6-F-29

</TABLE>

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the preparation, integrity, reliability and accuracy of the financial statements and other information included in this annual report. The financial statements have been prepared in accordance with generally accepted accounting principles using, where appropriate, management's best estimates and judgment. The Company's independent auditors, Deloitte & Touche LLP, have audited the financial statements in accordance with generally accepted auditing standards and their report appears herein.

Management depends on its system of internal controls to fulfill its responsibility for the integrity, reliability and accuracy of the financial statements. The system is designed to provide reasonable assurance that the Company's assets are safeguarded and transactions are executed as authorized and properly recorded. The system includes a documented organizational structure and division of responsibility, established policies and procedures and a code of conduct to foster a strong ethical climate, which are communicated throughout the Company, and the careful selection, training and development of its people. The Company's internal auditors monitor the operations of the internal control system and report findings and recommendations to management and the board of directors, and corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified.

The board of directors, operating through its audit committee which is comprised entirely of two directors who are not officers or employees of the Company, provides oversight to the financial reporting process. The audit committee meets regularly with management, the internal auditors, and the independent auditors to discuss audit scope and the results of their audits and to address internal control and financial reporting matters. Both independent and internal auditors have unrestricted access to the audit committee.

H. JOHN GREENIAUS
Chairman and
Chief Executive Officer

ROBERT A. SCHIFFNER
Senior Vice President
and Controller

REPORT OF DELOITTE & TOUCHE LLP, INDEPENDENT AUDITORS

Nabisco Holdings Corp.:
Nabisco, Inc.:

We have audited the accompanying consolidated balance sheets of Nabisco Holdings Corp. ("Nabisco Holdings") and Nabisco, Inc. ("Nabisco") as of December 31, 1996 and 1995, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Nabisco Holdings and Nabisco at December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Parsippany, New Jersey

NABISCO HOLDINGS CORP.
NABISCO, INC.

CONSOLIDATED STATEMENTS OF INCOME
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

<S>	YEAR ENDED DECEMBER 31, 1996		YEAR ENDED DECEMBER 31, 1995		YEAR ENDED DECEMBER 31, 1994	
	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO
	NET SALES.....	\$ 8,889	\$ 8,889	\$ 8,294	\$ 8,294	\$ 7,699
Costs and expenses:						
Cost of products sold.....	5,226	5,226	4,776	4,776	4,295	4,295
Selling, advertising, administrative and general expenses.....	2,533	2,533	2,389	2,387	2,292	2,299
Amortization of trademarks and goodwill.....	228	228	227	226	225	224
Restructuring expense (Note 2).....	428	428	--	--	--	--
OPERATING INCOME.....	474	474	902	905	887	881
Interest expense.....	(329)	(329)	(349)	(345)	(376)	(463)
Other income (expense), net.....	(32)	(32)	(17)	(17)	(20)	(20)
Income before income taxes.....	113	113	536	543	491	398
Provision for income taxes.....	96	96	222	224	224	191
INCOME BEFORE EXTRAORDINARY ITEM.....	17	17	314	319	267	207
Extraordinary item--loss on early extinguishment of debt, net of income taxes (Note 9).....	--	--	(19)	(19)	--	--
NET INCOME.....	\$ 17	\$ 17	\$ 295	\$ 300	\$ 267	\$ 207
Net income per common and common equivalent share:						
Income before extraordinary item.....	\$.06		\$ 1.20			
Extraordinary item.....	--		(.07)			
Net income.....	\$.06		\$ 1.13			
Dividends declared per common share.....	\$.6025		\$.4125			
Average number of common and common equivalent shares outstanding (in thousands).....	267,016		261,717			

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NABISCO HOLDINGS CORP.
NABISCO, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS)

<S>	TWELVE MONTHS ENDED DECEMBER 31, 1996		TWELVE MONTHS ENDED DECEMBER 31, 1995		TWELVE MONTHS ENDED DECEMBER 31, 1994
	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS
	CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
Net income.....	\$ 17	\$ 17	\$ 295	\$ 300	\$ 267
Adjustments to reconcile net income to cash flows from operating activities:					
Depreciation of property, plant and equipment.....	270	270	244	244	218
Amortization of intangibles.....	228	228	227	226	225
Deferred income tax provision (benefit).....	(57)	(57)	76	76	79

Restructuring expense, net of cash payments.....	348	348	--	--	--
Changes in working capital items, net.....	(87)	(87)	(212)	(205)	(282)
Extraordinary item--loss on early retirement of debt.....	--	--	29	29	--
Gain on sale of product lines before income taxes.....	--	--	(11)	(11)	--
Other, net.....	31	31	9	9	(8)
Net cash flows from operating activities.....	750	750	657	668	499
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:					
Capital expenditures.....	(437)	(437)	(513)	(513)	(455)
Acquisition of businesses.....	(173)	(173)	(291)	(291)	(449)
Proceeds from sale of businesses.....	--	--	162	162	--
Other, net.....	16	16	14	14	18
Net cash flows (used in) investing activities.....	(594)	(594)	(628)	(628)	(886)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:					
Net proceeds from the issuance of long-term debt.....	11	11	2,871	2,871	3
Repayments of long-term debt.....	(189)	(189)	(467)	(467)	(12)
Increase (decrease) in notes payable.....	151	151	27	27	(52)
Dividends paid on common stock.....	(155)	(155)	(73)	--	--
Increase (decrease) in the 1994 Nabisco Credit Agreement.....	--	--	(1,350)	(1,350)	1,350
Payment of intercompany debt.....	--	--	(2,361)	(2,293)	--
Net proceeds from issuance of Class A common stock.....	--	--	1,201	--	--
Nabisco Holdings capital contribution.....	--	--	--	1,487	--
Dividends and distribution paid to parent.....	--	--	--	(438)	(1,338)
Changes in intercorporate indebtedness.....	--	--	--	--	570
Net cash flows from (used in) financing activities.....	(182)	(182)	(152)	(163)	521
Effect of exchange rate changes on cash and cash equivalents.....	(2)	(2)	(1)	(1)	(1)
Net change in cash and cash equivalents.....	(28)	(28)	(124)	(124)	133
Cash and cash equivalents at beginning of period.....	121	121	245	245	112
Cash and cash equivalents at end of period.....	\$ 93	\$ 93	\$ 121	\$ 121	\$ 245

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NABISCO

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:	
Net income.....	\$ 207
Adjustments to reconcile net income to cash flows from operating activities:	
Depreciation of property, plant and equipment.....	218
Amortization of intangibles.....	224
Deferred income tax provision (benefit).....	79
Restructuring expense, net of cash payments.....	--
Changes in working capital items, net.....	(287)
Extraordinary item--loss on early retirement of debt.....	--
Gain on sale of product lines before income taxes.....	--
Other, net.....	(8)
Net cash flows from operating activities.....	433
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:	
Capital expenditures.....	(455)
Acquisition of businesses.....	(449)
Proceeds from sale of businesses.....	--
Other, net.....	18
Net cash flows (used in) investing activities.....	(886)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:	
Net proceeds from the issuance of long-term debt.....	3
Repayments of long-term debt.....	(12)
Increase (decrease) in notes payable.....	(52)
Dividends paid on common stock.....	--
Increase (decrease) in the 1994 Nabisco Credit Agreement.....	1,350
Payment of intercompany debt.....	--
Net proceeds from issuance of Class A common stock.....	--
Nabisco Holdings capital contribution.....	--
Dividends and distribution paid to parent.....	(1,162)
Changes in intercorporate indebtedness.....	460
Net cash flows from (used in) financing activities.....	587

Effect of exchange rate changes on cash and cash equivalents.....	(1)
Net change in cash and cash equivalents.....	133
Cash and cash equivalents at beginning of period.....	112
Cash and cash equivalents at end of period.....	\$ 245

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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NABISCO HOLDINGS CORP.
NABISCO, INC.
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

<TABLE>
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<S>	DECEMBER 31, 1996		DECEMBER 31, 1995	
	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 93	\$ 93	\$ 121	\$ 121
Accounts receivable, net.....	556	556	523	523
Deferred income taxes.....	55	55	64	64
Inventories.....	879	879	865	865
Prepaid expenses.....	46	46	51	51
TOTAL CURRENT ASSETS.....	1,629	1,629	1,624	1,624
Property, plant and equipment--at cost.....	4,798	4,798	4,424	4,424
Less accumulated depreciation.....	(1,511)	(1,511)	(1,292)	(1,292)
Net property, plant and equipment.....	3,287	3,287	3,132	3,132
Trademarks, net of accumulated amortization of \$969 and \$836, respectively.....	3,856	3,856	3,977	3,977
Goodwill, net of accumulated amortization of \$732 and \$609, respectively.....	3,451	3,451	3,477	3,477
Other assets and deferred charges.....	67	67	93	93
	\$ 12,290	\$ 12,290	\$ 12,303	\$ 12,303
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Notes payable.....	\$ 251	\$ 251	\$ 76	\$ 76
Accounts payable.....	427	427	511	511
Accrued liabilities.....	1,155	1,113	882	846
Intercompany payable to Nabisco Holdings.....	--	32	--	26
Current maturities of long-term debt.....	24	24	24	24
Income taxes accrued.....	112	112	131	131
TOTAL CURRENT LIABILITIES.....	1,969	1,959	1,624	1,614
Long-term debt (less current maturities).....	4,213	4,213	4,355	4,355
Other noncurrent liabilities.....	708	708	724	724
Deferred income taxes.....	1,316	1,316	1,356	1,356
Commitments and contingencies (Note 11)				
Stockholders' equity:				
Class A common stock (51,819,653 and 51,750,000 shares issued and outstanding at December 31, 1996 and 1995, respectively).....	1	--	1	--
Class B common stock (213,250,000 shares issued and outstanding at December 31, 1996 and 1995).....	2	--	2	--
Paid-in capital.....	4,087	4,141	4,085	4,174
Retained earnings.....	43	--	186	110
Cumulative translation adjustment.....	(47)	(47)	(30)	(30)
Notes receivable on common stock purchases.....	(2)	--	--	--
TOTAL STOCKHOLDERS' EQUITY.....	4,084	4,094	4,244	4,254
	\$ 12,290	\$ 12,290	\$ 12,303	\$ 12,303

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Summary of Significant Accounting Policies below and the other notes to the consolidated financial statements on the following pages are integral parts of the accompanying consolidated financial statements of Nabisco Holdings Corp. ("Nabisco Holdings") and Nabisco, Inc. ("Nabisco"), its direct wholly-owned subsidiary, (the "Consolidated Financial Statements"). Nabisco Holdings and Nabisco are referred to collectively as the "Companies."

Prior to January 26, 1995, Nabisco Holdings was a direct wholly-owned subsidiary of RJR Nabisco, Inc. ("RJRN") which is a direct wholly owned subsidiary of RJR Nabisco Holdings Corp. ("RJRN Holdings"). On January 26, 1995 Nabisco Holdings completed the initial public offering (the "Nabisco Holdings Common Stock Offering") of 51,750,000 shares of its Class A Common Stock, par value \$.01 per share (the "Class A Common Stock"). RJRN owns 100% of the outstanding Class B Common Stock, par value \$.01 per share, of Nabisco Holdings (the "Class B Common Stock") which currently represents approximately 80.5% of the economic interest in Nabisco Holdings and approximately 97.6% of the combined voting power of Nabisco Holdings outstanding Class A Common Stock and Class B Common Stock (collectively, the "Common Stock").

CONSOLIDATION AND USE OF ESTIMATES

The Consolidated Financial Statements include the accounts of the Companies and their subsidiaries. The preparation of financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS

Cash equivalents include all short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present an insignificant risk of changes in value because of changes in interest rates.

INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined principally under the first-in, first-out method.

DEPRECIATION

For financial reporting purposes, depreciation expense is generally provided on a straight-line basis, using estimated useful lives of up to 20 years for land improvements, 20 to 40 years for buildings and leasehold improvements and 3 to 30 years for machinery and equipment.

TRADEMARKS AND GOODWILL

Values assigned to trademarks and goodwill are amortized on a straight-line basis over a 40-year period.

NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In evaluating the values and future benefits of goodwill and trademarks, the recoverability from operating income is measured. Under this approach, the carrying value of goodwill and trademarks would be reduced if it is probable that management's best estimate of future operating income before amortization of goodwill and trademarks from related operations, on an undiscounted basis, will be less than the carrying amount of goodwill and trademarks over the remaining amortization period.

OTHER INCOME (EXPENSE), NET

Other income (expense), net includes interest income, certain foreign currency gains and losses, expenses related to the sales of accounts receivable,

and fees related to the Company's banking and borrowing programs.

ADVERTISING

Advertising costs are generally expensed as incurred.

INTEREST RATE ARRANGEMENTS

When interest rate swaps and caps effectively hedge interest rate exposures, the differential to be paid or received is accrued and recognized in interest expense and may change as market interest rates change. If an arrangement is terminated or effectively terminated prior to maturity, then the realized or unrealized gain or loss is effectively recognized over the remaining original life of the agreement if the hedged item remains outstanding, or immediately, if the underlying hedged instrument does not remain outstanding. If the arrangement is not terminated or effectively terminated prior to maturity, but the underlying hedged instrument is no longer outstanding, then the unrealized gain or loss on the related interest rate swap or cap is recognized immediately.

FOREIGN CURRENCY ARRANGEMENTS

The forward foreign exchange contracts and other hedging arrangements entered into by Nabisco generally mature at the time the hedged foreign currency transactions are settled. Gains or losses on forward foreign currency transactions are determined by changes in market rates and are generally included at settlement in the basis of the underlying hedged transaction. To the extent that the foreign currency transaction does not occur, gains and losses are recognized immediately.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1996, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ("SFAS No. 125"), which provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996. The adoption of SFAS No. 125 is not expected to have any impact on the financial position or results of operations of Nabisco Holdings or Nabisco.

In October 1996, the AICPA's Accounting Standards Executive Committee issued Statement of Position No. 96-1, Environmental Remediation Liabilities ("SOP 96-1"), which requires adoption by the

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Companies on January 1, 1997. The adoption of SOP 96-1 will not materially affect the financial position or results of operations of Nabisco Holdings or Nabisco.

STOCK-BASED COMPENSATION

For stock-based employee compensation plans, the Company has elected to continue to use the intrinsic value based method prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. In accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, the Companies provide pro forma disclosures of net income and net income per share as if the fair value based method had been applied.

NET INCOME PER SHARE

Net income per share is based on the weighted average number of shares and common equivalent shares outstanding during the period.

INCOME TAXES

The Companies calculate their income taxes on a separate basis; however, the following modifications were made to the Companies' income taxes because federal income taxes are calculated and paid on a consolidated basis by RJRN Holdings pursuant to a tax sharing agreement. To the extent foreign tax credits of the Companies cannot be used currently on a consolidated basis, no credit is given to the Companies, and other credits, losses or benefits of the Companies not used separately are recognized by the Companies if they could be used in filing a consolidated tax return. Deferred federal income taxes are recorded on the Companies' books, and current federal taxes payable are remitted to Nabisco Holdings, as agent for Nabisco, who then remits the amounts to RJRN. Generally, any adjustments to federal and state income tax liabilities for years after 1989 will be paid by RJRN Holdings and charged or credited to Nabisco Holdings, as

applicable. Any adjustments to federal and state income tax liabilities for 1989 or earlier are the obligation of RJRN Holdings. RJRN Holdings will generally pay to Nabisco Holdings any tax refund actually received by RJRN Holdings and attributable to Nabisco Holdings for years after 1989. Foreign income taxes generally are computed on a separate company basis.

NOTE 2--OPERATIONS

NATURE OF OPERATIONS

Nabisco Holdings and its subsidiaries comprise one of the largest food companies in the world. Nabisco is the largest U.S. manufacturer and marketer of cookies and crackers and a manufacturer and marketer of a broad range of other food products including margarine, sauces and condiments, nuts, snacks, non-chocolate candy, chewing gum, hot cereals and pet snacks. Food operations outside of the United States are conducted by Nabisco International, Inc. and Nabisco Ltd, subsidiaries of Nabisco. Nabisco Ltd conducts Nabisco's Canadian operations producing and selling cookies and crackers, canned fruits and vegetables, fruit juices, pet snacks, pasta and baking powder throughout Canada. Nabisco International, Inc. is a leading producer of biscuits, powdered desserts and drink mixes, baking powder,

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2--OPERATIONS (CONTINUED)

and other grocery items, as well as industrial yeast and baking ingredients. Nabisco International, Inc. also exports a variety of Nabisco products to markets in Europe and Asia from the United States and is one of the largest multinational packaged food companies in Latin America.

Food products are sold under trademarks owned or licensed by Nabisco and brand recognition is considered essential to their successful marketing. None of Nabisco's customers accounted for more than 10% of sales for 1996. At December 31, 1996, Nabisco had approximately 54,000 full time employees. Most of the unionized workers at Nabisco's domestic locations are represented under a national contract with the Bakery, Confectionery and Tobacco Workers International Union, which was ratified in August 1996 and which will expire in August 2001. Other unions represent the employees at a number of Nabisco locations. Nabisco Holdings believes that Nabisco's relations with these employees and with their unions are good.

ACQUISITIONS

In recent years, subsidiaries of Nabisco Holdings have completed a number of acquisitions to expand the domestic and international food businesses. During 1996, subsidiaries of Nabisco acquired the stock of the Mayco and Capri biscuit businesses and the Vizzolini pasta business in Argentina, the stock of Pilar, a Brazilian biscuit business, and the stock of Fontaneda, a Spanish biscuit business. In addition, Nabisco formed the Nabisco Taiwan Corporation which purchased the biscuit, confectionery and snack food assets of a Taiwan-based manufacturer. These acquisitions were accounted for as purchases with an aggregate purchase price of \$203 million resulting in additional goodwill of \$98 million.

In 1995, acquisitions cost approximately \$291 million and included (i) certain trademarks and other assets of Kraft Foods' U.S. and Canadian margarine and tablespreads business; (ii) certain trademarks and other assets of Primo Foods Limited, a Canadian manufacturer of dry pasta, canned tomatoes and other Italian food products; (iii) a 50% interest in Royal Beech-Nut (pty) Ltd., a South African subsidiary of Del Monte Royal Foods Ltd. Royal Beech-Nut brands include Beechies, LifeSavers candy and Royal dessert mixes; (iv) certain production assets of the Salerno Baking division of Sunshine Biscuits; (v) the assets of Avare and Gumz, two Brazilian milk product companies and (vi) certain trademarks and other assets of Galletera Tejerias, S.A., a biscuit company in Venezuela. These acquisitions were accounted for as purchases, which resulted in additional goodwill of \$155 million.

During 1994, subsidiaries of Nabisco Holdings acquired approximately 99% of Establecimiento Modelo Terrabusi S.A. in Argentina, Royal Food Products in Tunisia, the remaining 50% of Royal Brands S.A. in Spain and Royal Brands Portugal, and Knox gelatine for an aggregate purchase price of \$449 million net of \$17 million of cash acquired. These acquisitions were accounted for as purchases, which resulted in additional goodwill of \$217 million.

RESTRUCTURING EXPENSE

In the second quarter of 1996, Nabisco Holdings recorded a restructuring expense of \$428 million (\$300 million after tax) related to a program announced on June 24, 1996. The restructuring program, which was undertaken to streamline

operations and improve profitability, commenced during the second quarter of 1996 and will be substantially completed during 1997. The \$428 million restructuring expense will require cash expenditures of approximately \$230 million. In addition to the restructuring expense, the

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2--OPERATIONS (CONTINUED)

program required additional expenditures of approximately \$97 million (\$57 million after tax), all of which were incurred in 1996, for implementation and integration expenses, principally for relocation of employees and equipment and training. After completion of the restructuring program, pre-tax savings are expected to be approximately \$200 million annually.

The major components of the \$428 million restructuring expenses are domestic and international severance and related benefits associated with workforce reductions totaling approximately 6,000 employees (approximately \$194 million), estimated losses from disposals of equipment and packaging materials related to product line rationalizations, which will eliminate production of more than 300 SKU's (stock keeping units) of slow-moving products (approximately \$116 million), estimated loss to write-down the carrying value of several non-strategic product lines prior to sale (approximately \$51 million), estimated costs to terminate manufacturing supply and distribution contracts (approximately \$45 million) and estimated losses from disposals of property related to international plant closures and domestic and international facility reorganizations (approximately \$22 million).

As of December 31, 1996, approximately \$156 million of the restructuring accruals were utilized as follows: \$69 million for severance and related benefits, \$63 million for product line rationalizations, \$18 million for contract terminations and \$6 million for plant closures.

DISPOSALS

In 1995, operating income was increased by an \$11 million net gain related to the sale of the Ortega Mexican food and the New York Style Bagel Chip businesses for \$162 million.

NOTE 3--INCOME TAXES

The provision (benefit) for income taxes consisted of the following (in millions):

<TABLE>
<CAPTION>

<S>	YEAR ENDED DECEMBER 31, 1996		YEAR ENDED DECEMBER 31, 1995		YEAR ENDED DECEMBER 31, 1994	
	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO
Current:						
Federal.....	\$ 119	\$ 119	\$ 63	\$ 65	\$ 73	\$ 40
Foreign and other.....	34	34	83	83	72	72
	-----	-----	-----	-----	-----	-----
	153	153	146	148	145	112
	-----	-----	-----	-----	-----	-----
Deferred:						
Federal.....	(81)	(81)	72	72	66	66
Foreign and other.....	24	24	4	4	13	13
	-----	-----	-----	-----	-----	-----
	(57)	(57)	76	76	79	79
	-----	-----	-----	-----	-----	-----
Provision for income taxes.....	\$ 96	\$ 96	\$ 222	\$ 224	\$ 224	\$ 191
	-----	-----	-----	-----	-----	-----

</TABLE>

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3--INCOME TAXES (CONTINUED)

The components of the deferred income tax (assets) liability disclosed on the consolidated balance sheet at December 31, 1996 and 1995 included the following (in millions):

<S>	DECEMBER 31, 1996		DECEMBER 31, 1995	
	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO
Current				
Deferred tax assets:				
Accrued liabilities.....	\$ (41)	\$ (41)	\$ (44)	\$ (44)
Other.....	(20)	(20)	(33)	(33)
Total current deferred tax assets.....	(61)	(61)	(77)	(77)
Valuation allowance.....	6	6	13	13
Net current deferred tax assets.....	\$ (55)	\$ (55)	\$ (64)	\$ (64)
Non-Current				
Deferred tax assets:				
Pension liabilities.....	\$ (29)	\$ (29)	\$ (38)	\$ (38)
Other postretirement liabilities.....	(138)	(138)	(148)	(148)
Accrued liabilities.....	(195)	(195)	(92)	(92)
Total non-current deferred tax assets.....	(362)	(362)	(278)	(278)
Deferred tax liabilities:				
Property, plant and equipment.....	315	315	348	348
Trademarks.....	1,112	1,112	1,124	1,124
Other.....	168	168	118	118
Total non-current deferred tax liabilities.....	1,595	1,595	1,590	1,590
Net non-current deferred tax liabilities before valuation allowance....	1,233	1,233	1,312	1,312
Valuation allowance.....	83	83	44	44
Net non-current deferred income taxes.....	\$ 1,316	\$ 1,316	\$ 1,356	\$ 1,356

</TABLE>

The valuation allowance relates to net operating losses in certain foreign tax jurisdictions.

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3--INCOME TAXES (CONTINUED)

Pre-tax income before extraordinary item for domestic and foreign operations is shown in the following table (in millions):

<S>	YEAR ENDED DECEMBER 31, 1996		YEAR ENDED DECEMBER 31, 1995		YEAR ENDED DECEMBER 31, 1994	
	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO
Domestic (includes U.S. exports).....	\$ --	\$ --	\$ 346	\$ 353	\$ 340	\$ 247
Foreign.....	113	113	190	190	151	151
Pre-tax income.....	\$ 113	\$ 113	\$ 536	\$ 543	\$ 491	\$ 398

</TABLE>

The differences between the provision for income taxes and income taxes

computed at statutory U.S. federal income tax rates are explained as follows:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1996		YEAR ENDED DECEMBER 31, 1995		YEAR ENDED DECEMBER 31, 1994	
	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO
Reconciliation from statutory rate to effective rate:						
Income taxes computed at statutory U.S. federal income tax rates.....	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
State taxes, net of federal benefit.....	7.3	7.3	3.2	3.1	5.1	6.3
Goodwill amortization.....	32.5	32.5	5.6	5.5	5.7	7.0
Taxes on foreign operations at rates other than statutory U.S. Federal rate.....	10.2	10.2	(.5)	(.6)	(.3)	(.5)
Other items, net.....	--	--	(1.9)	(1.7)	.1	.2
Effective Tax Rate.....	85.0%	85.0%	41.4%	41.3%	45.6%	48.0%

</TABLE>

The reported tax rate was 85% for 1996 and 41.4% for 1995. The higher tax rate in 1996 resulted from the greater impact of nondeductible goodwill amortization relative to income before income taxes, which includes the June 1996 restructuring expense, and from the 30% effective tax rate on the June 1996 restructuring expense. Excluding the restructuring expense and related tax benefit, the effective tax rate was 41.4% for 1996.

At December 31, 1996, there was \$558 million of accumulated and undistributed income of foreign subsidiaries. These earnings are intended by management to be reinvested abroad indefinitely. Accordingly, no applicable U.S. federal deferred income taxes or foreign withholding taxes have been provided nor is a determination of the amount of unrecognized U.S. federal deferred income taxes practicable.

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4--SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for income taxes and interest were as follows (in millions):

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1996		YEAR ENDED DECEMBER 31, 1995		YEAR ENDED DECEMBER 31, 1994	
	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO	<C> NABISCO HOLDINGS	<C> NABISCO
Income taxes paid, net of refunds.....	\$ 150	\$ 150	\$ 67	\$ 67	\$ 159	\$ 159
Interest paid.....	\$ 334	\$ 334	\$ 330	\$ 330	\$ 32	\$ 32

</TABLE>

In 1995, operating income was increased by an \$11 million net gain related to the sale of the Ortega Mexican food and the New York Style Bagel Chip businesses for \$162 million.

Cash equivalents at December 31, 1996 and 1995, valued at cost (which approximated market value), totaled \$57 million and \$97 million, respectively.

In October, 1996, Nabisco extended for five years its arrangement to sell for cash substantially all of its domestic trade accounts receivable to a financial institution. In addition, similar arrangements have been established for the sale of trade accounts receivable by certain foreign subsidiaries. During 1996, 1995 and 1994, total proceeds of approximately \$6.4 billion, \$5.5 billion and \$5.3 billion, respectively, were received by Nabisco in connection with these arrangements. At December 31, 1996 and 1995, the accounts receivable balance has been reduced by approximately \$397 million and \$418 million, respectively, due to the receivables sold.

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NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5--INVENTORIES

The major classes of inventory are shown in the table below (in millions):

	DECEMBER 31, 1996	DECEMBER 31, 1995
	-----	-----
<S>	<C>	<C>
Finished products.....	\$ 536	\$ 526
Raw materials.....	199	199
Other.....	144	140
	-----	-----
Total.....	\$ 879	\$ 865
	-----	-----
	-----	-----

</TABLE>

NOTE 6--PROPERTY, PLANT AND EQUIPMENT

Components of property, plant and equipment were as follows (in millions):

	DECEMBER 31, 1996	DECEMBER 31, 1995
	-----	-----
<S>	<C>	<C>
Land and land improvements.....	\$ 199	\$ 186
Buildings and leasehold improvements.....	935	872
Machinery and equipment.....	3,245	2,955
Construction-in-process.....	419	411
	-----	-----
	4,798	4,424
Less accumulated depreciation.....	(1,511)	(1,292)
	-----	-----
Net property, plant and equipment.....	\$ 3,287	\$ 3,132
	-----	-----
	-----	-----

</TABLE>

NOTE 7--NOTES PAYABLE

Notes payable consist of notes payable to banks by foreign subsidiaries and \$45 million and \$34 million of commercial paper borrowings by the company's Canadian subsidiary as of December 31, 1996 and 1995, respectively. The weighted average interest rate on all notes payable and commercial paper borrowings was 13.0% and 9.8% at December 31, 1996 and 1995. The weighted average interest rates include nominal borrowing rates in highly inflationary countries, primarily in Latin America.

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 8--ACCRUED LIABILITIES

Accrued liabilities consisted of the following (in millions):

	DECEMBER 31, 1996	DECEMBER 31, 1995
	-----	-----
<S>	<C>	<C>
Payroll and employee benefits.....	\$ 292	\$ 250
Marketing and advertising.....	259	242
Restructuring.....	151	6
Insurance.....	63	51
Interest.....	57	58
Taxes, other than income taxes.....	55	38
Legal and environmental.....	9	11
All other	227	190
	-----	-----

Nabisco.....	1,113	846
Dividends payable on Common Stock.....	41	36
Other accrued liabilities.....	1	--
	-----	-----
Nabisco Holdings.....	\$ 1,155	\$ 882
	-----	-----

</TABLE>

NOTE 9--LONG-TERM DEBT

Long-term debt consisted of the following (in millions):

<TABLE>

<CAPTION>

	DECEMBER 31, 1996	DECEMBER 31, 1995
	-----	-----
<S>	<C>	<C>
Commercial paper, average interest rates of 5.8% and 6.0%.....	\$ 1,175	\$ 1,289
Exchange Securities:		
8.3% notes due April 15, 1999.....	538	538
8.0% notes due January 15, 2000.....	688	687
6.8% notes due September 1, 2001.....	94	94
Other notes.....	20	25
6.7% notes due June 15, 2002.....	400	400
6.85% notes due June 15, 2005.....	399	399
7.05% notes due July 15, 2007.....	400	400
7.55% debentures due June 15, 2015.....	399	399
Other long-term debt.....	124	148
Less current maturities.....	(24)	(24)
	-----	-----
Total.....	\$ 4,213	\$ 4,355
	-----	-----

</TABLE>

The payment of debt through December 31, 2001 is due as follows (in millions); 1998--\$21; 1999-- \$550; 2000--\$1,877 and 2001--\$113.

On October 31, 1996, Nabisco Holdings and Nabisco entered into a credit agreement (the "Nabisco 1996 Credit Agreement") with various financial institutions to replace the Nabisco 1995 Credit Agreement.

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9--LONG-TERM DEBT (CONTINUED)

Among other things, the Nabisco 1996 Credit Agreement provides lending commitments of \$1.5 billion for five years and the issuance of up to \$300 million of irrevocable letters of credit. Borrowings under the Nabisco 1996 Credit Agreement incur a floating interest rate usually based on the London interbank offered rate ("LIBOR"). Availability is reduced by the aggregate amount of borrowings outstanding and letters of credit issued under the Nabisco 1996 Credit Agreement and by the amount of outstanding Nabisco commercial paper in excess of \$1.5 billion. At December 31, 1996 the full \$1.5 billion remained available.

On October 31, 1996, Nabisco Holdings and Nabisco entered into a 364 day \$1.5 billion credit facility (the "Commercial Paper Facility" and together with the Nabisco 1996 Credit Agreement, the "Nabisco 1996 Credit Facilities") primarily to support the issuance of commercial paper borrowings. Availability is reduced by an amount equal to the aggregate amount of outstanding Nabisco commercial paper. At December 31, 1996, approximately \$1,175 million of commercial paper was outstanding and \$325 million was available under the Commercial Paper Facility. At the end of the 364 day period, any bank borrowing outstanding under the Commercial Paper Facility is convertible into a three year term loan at Nabisco's option. Based on Nabisco's intention and ability to continue to refinance, for more than one year, the amount of its commercial paper borrowings in the commercial paper markets with borrowings under the Nabisco 1996 Credit Facilities, commercial paper borrowings have been included under long-term debt. A similar agreement existed during 1995.

The Nabisco 1996 Credit Facilities generally restrict common and preferred dividends and distributions after April 28, 1995 by Nabisco Holdings to holders of its equity securities to an aggregate amount equal to \$300 million plus 50% of Nabisco Holdings' cumulative consolidated net income after January 1, 1995. In general, loans and advances by Nabisco Holdings and its subsidiaries to RJRN are effectively subject to a \$100 million limit and may only be extended to RJRN's foreign subsidiaries.

The Nabisco 1996 Credit Facilities limit the ability of Nabisco Holdings and its subsidiaries to incur indebtedness, engage in transactions with stockholders and affiliates, create liens, acquire, sell or dispose of certain assets and securities and engage in certain mergers or consolidations. In addition, certain RJRN credit agreements indirectly limit the issuance of equity securities, beyond certain substantial amounts, by Nabisco and Nabisco Holdings and the sale or disposition of certain of their assets. Nabisco and Nabisco Holdings believe that they are currently in compliance with all covenants and restrictions imposed by the terms of their indebtedness.

On April 28, 1995, Nabisco Holdings and Nabisco entered into a credit agreement (as amended, the "Nabisco 1995 Credit Agreement") with various financial institutions to replace the Nabisco 1994 Credit Agreement. Among other things, the Nabisco 1995 Credit Agreement was designed to permit the Companies to prepay intercompany debt, to incur long-term debt, to increase Nabisco's committed facility from \$1.5 billion to \$3.5 billion, to extend its term from 364 days to five years, to provide for the issuance of up to \$300 million of irrevocable letters of credit and, as amended November 3, 1995, to reduce lending commitments to \$2.0 billion from \$3.5 billion.

On June 5, 1995, RJRN and Nabisco consummated offers to exchange approximately \$1.8 billion aggregate principal amount of newly issued notes and debentures (the "Exchange Securities") of Nabisco for the same amount of notes and debentures (the "Old Securities") issued by RJRN (the "Exchange Offers"). As part of the transaction, RJRN returned to Nabisco approximately \$1.8 billion of intercompany

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9--LONG-TERM DEBT (CONTINUED)

notes that had been issued by Nabisco and held by a non-Nabisco affiliate of RJRN. The Exchange Securities issued by Nabisco in the Exchange Offers have principal amounts, interest rates, maturities and redemption provisions identical to the corresponding Old Securities issued by RJRN. Nabisco subsequently borrowed approximately \$2.4 billion under the Nabisco 1995 Credit Agreement to (a) repay or repurchase an additional \$2.1 billion of intercompany notes of Nabisco and its subsidiaries; (b) repay approximately \$125 million of outstanding borrowings under the Nabisco 1994 Credit Agreement; (c) repay approximately \$89 million of an intercompany note from Nabisco to Nabisco Holdings; and (d) pay a \$79 million dividend to Nabisco Holdings. Nabisco Holdings used the payments it received to repay the balance of a \$168 million intercompany note to RJRN.

Concurrently with the Exchange Offers, RJRN also obtained consents to certain indenture modifications from holders of the Old Securities and holders of approximately \$3.58 billion of its other outstanding debt securities (the "Consent Solicitations"). The Exchange Offers and the Consent Solicitations and certain related transactions were designed, among other things, to enable Nabisco to obtain long-term debt financing independent of RJRN and to repay its intercompany debt to RJRN.

On June 28, 1995, Nabisco issued \$400 million principal amount of 6.70% Notes Due 2002, \$400 million principal amount of 6.85% Notes Due 2005, and \$400 million principal amount of 7.55% Debentures Due 2015. On July 14, 1995, Nabisco issued \$400 million principal amount of 7.05% Notes Due 2007. The net proceeds from the issuance of such debt securities were used to repay a portion of the borrowings under the Nabisco 1995 Credit Agreement.

On July 17, 1995, Nabisco redeemed all of its outstanding 8 5/8% Sinking Fund Debentures Due March 15, 2017 at a price of \$1,051.75 for each \$1,000 principal amount of debentures, plus accrued and unpaid interest thereon. The aggregate redemption price and accrued interest on these debentures totalled approximately \$442 million. The redemption resulted in an extraordinary loss of approximately \$29 million (\$19 million after tax).

In 1994, Nabisco Holdings and Nabisco issued five notes that were held by RJRN or a wholly owned subsidiary of RJRN. The terms of the notes were as follows: (i) a \$1.07 billion note issued by Nabisco due December 1, 1996, (ii) a \$1.47 billion note issued by Nabisco due December 1, 2001, (iii) a \$966 million note issued by Nabisco due December 1, 2006, (iv) a \$1.30 billion note issued by Nabisco Holdings due December 31, 1995, and (v) a \$206 million note issued by Nabisco Holdings due December 31, 1995 which replaced four existing notes. In addition, various Nabisco subsidiaries had outstanding notes and other obligations to RJRN and certain of its non-Nabisco subsidiaries with a variety of terms and maturities with an aggregate principal amount of approximately \$425 million. On December 7, 1994, Nabisco Holdings used the \$1.35 billion initial borrowing under the Nabisco 1994 Credit Agreement to prepay its \$206 million note in full and all but approximately \$168 million principal amount of its

\$1.30 billion note.

The estimated fair value approximated the carrying amount of long-term debt at December 31, 1996 and 1995. Considerable judgment was required in interpreting market data to develop the estimates of fair value. In addition, the use of different market assumptions and/or estimation methodologies may have had a material effect on the estimated fair value amounts. Accordingly, the estimated fair value of long-term debt as of December 31, 1996 and 1995 is not necessarily indicative of the amounts that Nabisco could realize in a current market exchange.

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NABISCO HOLDINGS CORP.

NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9--LONG-TERM DEBT (CONTINUED)
INTEREST RATE ARRANGEMENTS

Nabisco Holdings manages interest rate exposure by adjusting the mix of floating rate debt and fixed rate debt. As part of such management of interest rate exposure, Nabisco has entered into various derivative instruments to hedge a portion of the interest rate exposure on its floating rate debt. At December 31, 1996, Nabisco's outstanding interest rate caps had an aggregate notional principal amount of \$1.5 billion, of which \$.5 billion became effective during 1997. These contracts expire at various dates throughout 1997. The estimated fair values of these arrangements as of December 31, 1996, and similar arrangements as of December 31, 1995, were unfavorable by approximately \$1 million and \$4 million, respectively, based on calculations by independent third parties.

NOTE 10--RELATED PARTY TRANSACTIONS

INTEREST EXPENSE AND OTHER INCOME (EXPENSE)

For the year ended December 31, 1994, interest expense and other income and expense reflected the allocation of a share of RJRN Holdings' and RJRN's consolidated interest expense, amortization of debt issuance costs, interest income, foreign exchange gains or losses and other financial income and expense not specifically attributable to an operating company. Such allocations were based on the ratio of Nabisco Holdings' invested capital (sum of working capital, property, plant and equipment, other assets, goodwill, trademarks and other intangibles, less minority interest liabilities) to RJRN Holdings consolidated invested capital, adjusted for (i) the change in Nabisco Holdings' invested capital from the beginning of the year to the end of the year times (ii) the RJRN short-term borrowing rate.

For the years ended December 31, 1995 and 1994 interest expense included transactions with related parties as shown (in millions):

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1994
<S>	<C>	<C>
Payments to RJRN and affiliates.....	\$ 134	\$ --
RJRN allocation.....	--	369
Payments to Nabisco Holdings.....	3	87
Other (non-related parties).....	208	7
	----	----
Nabisco.....	345	463
Intercompany income from Nabisco.....	(3)	(87)
Payments to RJRN.....	7	--
	----	----
Nabisco Holdings.....	\$ 349	\$ 376
	----	----

</TABLE>

GENERAL AND ADMINISTRATIVE COSTS

For the year ended December 31, 1994, selling, advertising, administrative and general expenses include an allocation of \$35 million from RJRN of corporate administrative costs not specifically attributable to an operating company based on the ratio of Nabisco Holdings' invested capital (as

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NABISCO HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 10--RELATED PARTY TRANSACTIONS (CONTINUED)

described above) to RJRN Holdings' consolidated invested capital. The amount approximates management's estimate of RJRN headquarters costs to support Nabisco's operations. Management believes such allocations are fair and reasonable.

Commencing in 1995, RJRN Holdings, RJRN and Nabisco Holdings entered into agreement to exchange certain services. The net cost of such services to Nabisco Holdings for the years ended December 31, 1996 and 1995 was not material.

NOTE 11--COMMITMENTS AND CONTINGENCIES

COMMITMENTS

At December 31, 1996, other commitments totalled approximately \$226 million, principally for the purchase of machinery and equipment, minimum operating lease commitments and other contractual arrangements.

OTHER FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Certain other financial instruments with off-balance sheet risk have been entered into to manage foreign currency exposures.

FOREIGN CURRENCY ARRANGEMENTS

At December 31, 1996 and 1995, Nabisco had outstanding forward foreign exchange contracts with banks to purchase or sell an aggregate amount of \$72 million and \$142 million, respectively. Such contracts were primarily entered into to hedge future commitments. The purpose of Nabisco's foreign currency hedging activities is to protect Nabisco from risk that the eventual dollar cash flows resulting from transactions with international parties will be adversely affected by changes in exchange rates. The fair value of these arrangements was approximately equal to the aggregate amount committed as of December 31, 1996 and 1995 based on calculations from independent third parties for similar arrangements.

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 11--COMMITMENTS AND CONTINGENCIES (CONTINUED)

The above foreign currency arrangements involve, to varying degrees, elements of market risk as a result of potential changes in foreign currency exchange rates. To the extent that the financial instruments entered into remain outstanding as effective hedges of existing foreign currency exposure, the impact of such potential changes in foreign currency exchange rates on the financial instruments entered into would offset the related impact on the items being hedged. Also, Nabisco may be exposed to credit losses in the event of non-performance by the counterparties to these financial instruments. However, management continually monitors its positions and the credit rating of its counterparties and therefore, does not anticipate any non-performance.

There are no significant concentrations of credit risk with any individual counterparties or groups of counterparties as a result of any financial instruments entered into including those financial instruments discussed above.

NOTE 12--STOCKHOLDERS' EQUITY

The authorized capital stock of Nabisco Holdings consists of (a) 1 billion shares of Common Stock, par value \$.01 per share, of which (i) 265,000,000 shares have been designated as Class A Common Stock, of which 51,750,000 shares were issued during 1995 and are outstanding as shown in the table below, (ii) 213,250,000 shares have been designated as Class B Common Stock, all of which were issued during 1995 and are outstanding as shown in the table below, (iii) the remaining 521,750,000 shares may be designated by the board of directors as either Class A or Class B Common Stock prior to issuance, and (b) 75,000,000 shares of Preferred Stock, par value \$.01 per share, of which no shares have been issued.

The holders of Class A Common Stock and Class B Common Stock generally have identical rights except that holders of Class A Common Stock are entitled to one vote per share while holders of Class B Common Stock are entitled to ten votes per share on all matters to be voted on by stockholders. Each share of Class B Common Stock is convertible, at the option of the holder, into one share of Class A Common Stock.

RJRN Holdings beneficially owns 100% of the Class B Common Stock of Nabisco Holdings which represents 80.5% of the economic interest and 97.6% of the combined voting power of the Common Stock. Any shares of Class B Common Stock disposed of by RJRN shall automatically convert to shares of Class A Common Stock on a share-for-share basis upon such disposition, except for (i) a disposition to RJRN Holdings or one of its subsidiaries or (ii) a disposition effected in connection with a transfer of Class B Common Stock to the stockholders of RJRN Holdings as a dividend intended to be on a tax-free basis in which case the conversion of the Class B Common Stock to Class A Common Stock will be structured as necessary to preserve the tax-free status of the transfer.

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 12--STOCKHOLDERS' EQUITY (CONTINUED)

The changes in stockholders' equity for the years ended December 31, 1996 and 1995 are shown below (with dollars in millions and shares in thousands):

<TABLE>

<CAPTION>

	NABISCO HOLDINGS						NABISCO PAID-IN CAPITAL
	COMMON STOCK		PAID-IN CAPITAL	RETAINED EARNINGS	CTA	NOTES RECEIVABLE	
	SHARES	AMOUNT					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances, January 1, 1995.....			\$ 2,880				\$ 2,928
Issue Class B shares to RJRN.....	213,250	\$ 2	(2)				
Sale of Class A shares to public, and contribution to Nabisco.....	51,750	1	1,207				1,210
Net income.....				\$ 295			
Parent contribution to Nabisco.....							36
Dividends declared.....				(109)			
Cumulative translation adjustment (CTA).....		--			\$ (30)		
	-----		-----	-----	---	---	-----
Balances, December 31, 1995.....	265,000	\$ 3	\$ 4,085	\$ 186	\$ (30)		\$ 4,174
Net income.....				17			
Dividends declared.....				(160)			(33)
Shares issued.....	70	--	2			\$ (2)	
Cumulative translation adjustment (CTA).....					(17)		
	-----	--	-----	-----	---	---	-----
Balance, December 31, 1996.....	265,070	\$ 3	\$ 4,087	\$ 43	\$ (47)	\$ (2)	\$ 4,141
	-----	--	-----	-----	---	---	-----

<CAPTION>

	RETAINED EARNINGS	CTA
	-----	-----
	<C>	<C>
<S>		
Balances, January 1, 1995.....		
Issue Class B shares to RJRN.....		
Sale of Class A shares to public, and contribution to Nabisco.....		
Net income.....	\$ 300	
Parent contribution to Nabisco.....		
Dividends declared.....	(190)	
Cumulative translation adjustment (CTA).....		\$ (30)
	-----	---
Balances, December 31, 1995.....	\$ 110	\$ (30)
Net income.....	17	
Dividends declared.....	(127)	
Shares issued.....		
Cumulative translation adjustment (CTA).....		(17)
	-----	---
Balance, December 31, 1996.....	\$ --	\$ (47)
	-----	---

</TABLE>

During 1996, 54,981 shares of Class A common stock were sold in connection with purchase stock grants awarded under the Nabisco Holdings 1994 Long Term Incentive Plan (the "Nabisco LTIP"). The shares were purchased at their fair market value for a total of \$1,882,491. Under the terms of the Nabisco LTIP, the purchasers, one an executive of the Companies, and one an executive and director of RJR Nabisco, Inc. and both directors of Nabisco and Nabisco Holdings, borrowed the total amount of the purchase price on a secured basis from Nabisco Holdings at an average annual interest rate of approximately 6.2%, which rate was set at the applicable federal rate for long-term loans at the purchase dates. The indebtedness, plus accrued interest and applicable taxes, must be repaid upon the earlier of the sale of the shares covered by the loan or termination of plan participation. As of December 31, 1996, the entire amount remains outstanding and is presented as notes receivable in stockholders' equity. In addition, 14,672 shares of Class A common stock were awarded under the Nabisco LTIP as restricted stock.

On January 26, 1995, Nabisco Holdings completed the Nabisco Holdings Common Stock Offering at an initial offering price of \$24.50 per share. In connection with the Nabisco Holdings Common Stock Offering, RJRN Holdings, RJRN and Nabisco Holdings entered into agreements to exchange certain services, to establish tax sharing arrangements and to provide RJRN with certain preemptive and registration rights with respect to Nabisco Holdings' securities.

Nabisco Holdings declared an initial quarterly dividend of \$.1375 per share, or approximately \$36 million in total, in the second quarter of 1995, and identical dividends for the third and fourth quarters.

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 12--STOCKHOLDERS' EQUITY (CONTINUED)

Four quarterly dividends were declared in 1996, the last three at \$.155 per share. Nabisco Holdings funded these dividends from matching dividends paid on the same dates by Nabisco.

In addition, Nabisco paid Nabisco Holdings (a) a \$79 million dividend on June 5, 1995 to enable Nabisco Holdings to repay certain indebtedness to RJRN at the conclusion of the Exchange Offers and Consent Solicitations, and (b) on a net basis, additional dividends and distributions during the third quarter of 1995 totalling \$2 million. See Note 9 to the Consolidated Financial Statements.

In September 1995, Nabisco Holdings terminated its intercompany royalty agreement with Nabisco and made a non-cash capital contribution to Nabisco of its unamortized intangible balance for trademarks of \$36 million.

The paid-in capital amount reported in Nabisco Holdings stockholder's equity as of January 1, 1995 represents RJR Nabisco's investment in Nabisco Holdings as of December 31, 1994 or Parent investment in subsidiary. The changes in Parent investment in subsidiary for the year prior to the initial public offering are as follows (in millions):

<TABLE>

<CAPTION>

	YEAR ENDED DECEMBER 31, 1994

<S>	<C>
Balance at beginning of year.....	\$ 7,517
Net income.....	267
Cumulative translation adjustments.....	(39)
Distribution to Parent(1).....	(5,450)
Net changes in intercorporate indebtedness.....	570
Other.....	15

Balance at end of year.....	\$ 2,880

</TABLE>

(1) Distribution represents cash of \$1,338 with the remainder representing intercompany notes among RJRN, Nabisco Holdings and Nabisco.

STOCK PLANS

On December 6, 1994, in order to provide an incentive to attract and retain key employees responsible for the management and administration of the business

affairs of Nabisco Holdings and its subsidiaries, the board of directors of Nabisco Holdings adopted the Nabisco Holdings Corp. 1994 Long Term Incentive Plan (the "Nabisco LTIP"). RJRN, as the sole shareholder approved the adoption of the Nabisco LTIP. Awards may be granted under the Nabisco LTIP during the ten year period following such shareholder approval. The Nabisco LTIP authorizes grants of incentive awards ("Grants") in the form of "incentive stock options" under section 422 of the Internal Revenue Code, and other stock options, stock appreciation rights, restricted stock, purchase stock, dividend equivalent rights, performance units, performance shares, or other stock-based grants. Awards under the Nabisco LTIP may be granted to key employees of, or other persons having a unique relationship to Nabisco Holdings and its subsidiaries, all as determined by the compensation committee of the board of directors. Members of the compensation committee are ineligible for grants. The maximum number of shares which may be granted in respect of all awards during

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 12--STOCKHOLDERS' EQUITY (CONTINUED)

the term of the Nabisco LTIP is 16.3 million shares of Class A Common Stock, which may be adjusted in the event of certain capital changes. The Nabisco LTIP also limits the amount of shares which may be issued pursuant to "incentive stock options" and the amount of shares subject to Grants which may be issued to any one participant. The annually granted stock options have a 15 year term for the 1995 grants and a 10 year term for the 1996 grants, vest over three years (33% of the first and second anniversaries of the date and 34% of the third anniversary), but cannot be exercised for three years following.

Key employees of Nabisco with outstanding stock options under the RJRN Holdings' 1990 Long Term Incentive Plan ("RJRN Holdings LTIP"), were permitted to elect to surrender 100% of their outstanding RJRN Holdings LTIP stock options in exchange for the grant of options under the Nabisco LTIP. Similarly, key employees of RJRN having an impact on the operations of Nabisco were permitted to exchange a portion of their outstanding RJRN Holdings LTIP stock options in exchange for the grant of options under the Nabisco LTIP. In 1995, stock options covering a total of 5,971,858 shares of Class A Common Stock were granted to Nabisco and RJRN employees in exchange for the cancellation of RJRN Holdings stock options. The number of shares of Class A Common Stock subject to options in such exchange was based on the relative fair market values of RJRN Holdings common stock and Class A Common Stock on the date of grant, regardless of the exercise price of options for RJRN Holdings common stock. The exercise price of such Nabisco Holdings stock options was equal to the fair market value of Class A Common Stock on the date of grant. The Nabisco Holdings stock options granted in exchange for the cancellation of RJRN Holdings stock options are fully vested and have a 15 year term, but are otherwise treated as newly granted options and may not be exercised for three years after the date of grant.

On February 15, 1995, the board of directors of Nabisco Holdings adopted the Stock Option Plan for Directors of Nabisco Holdings Corp. and Subsidiaries (the "Directors Plan"). Directors of Nabisco Holdings who have never been employees of RJRN Holdings or any of its subsidiaries are eligible to be granted options under the Directors Plan, which is intended to satisfy the requirements of a nondiscretionary formula plan for stock option grants to directors. A maximum of 300,000 shares of Class A Common Stock (which may be adjusted in the event of certain capital changes) may be issued under the Directors Plan. Each eligible director is, upon becoming a director, granted an option under the Directors Plan to purchase 6,000 shares of Class A Common Stock. The options have an exercise price equal to the fair market value of the Class A Common Stock on the date of grant, and are immediately vested. The options cannot be exercised for three years following the date of grant but, thereafter, are exercisable for ten years from the date of grant. In addition, each eligible director receives an annual grant of stock options which is made on the date of the director's election or re-election to the board of directors. The annual grant is intended to deliver a predetermined value, and the number of shares of Class A Common Stock subject to the option is determined based on an internal valuation methodology. In 1995 each eligible director received a stock option to purchase 1,600 shares (except that one director received a stock option to purchase 1,700 shares) of Class A Common Stock. The annually granted stock options have a 10 year term and vest over three years (33% of the first and second anniversaries of the date of grant and 34% of the third anniversary), but cannot be exercised for three years following the date of grant.

At December 31, 1996, none of the outstanding options on Class A Common Stock were exercisable, as all outstanding options will become exercisable in three years following the date of grant. As of

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTE 12--STOCKHOLDERS' EQUITY (CONTINUED)

December 31, 1996, options for 4,872,119 shares were available for future grant. 1996 and 1995 transactions involving stock options are summarized below:

<TABLE>
<CAPTION>

	1996		1995	
	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>
Balance outstanding as of January 1.....	8,909,663	\$ 26.77	--	--
Granted in exchange for cancelled RJRN Holdings stock options.....	--		5,971,858	\$ 26.57
Other grants.....	3,114,200	33.83	3,071,405	27.20
Cancelled.....	(295,982)	29.73	(133,600)	27.41
Balance outstanding as of December 31,.....	11,727,881	\$ 28.57	8,909,663	\$ 26.77
Weighted-average fair value of options granted during the year.....	\$ 11.00		\$ 11.41	

</TABLE>

<TABLE>
<CAPTION>

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING		
	NUMBER OUTSTANDING AT 12/31/96	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>
\$24.50-\$27.875.....	5,026,479	13.1	\$ 25.76
\$28.00-\$32.625.....	3,944,602	12.9	28.35
\$33.00-\$39.125.....	2,756,800	9.2	34.01
	11,727,881	12.1	\$ 28.57

</TABLE>

The Company applies APB Opinion 25 and related Interpretations in accounting for its stock-based compensation plans. Accordingly, no compensation cost has been recognized for the stock options granted under the Nabisco LTIP. Had compensation cost for the Company's stock-based compensation plan been determined based on the fair value at the grant dates for awards under the plan consistent with the method of SFAS Statement 123, the net income of Nabisco Holdings and Nabisco, on a pro forma basis, would have been \$4 million, compared to reported net income of \$17 million for the year ended December 31, 1996, and \$248 million, compared to reported net income of \$295 million for the year ended December 31, 1995. Nabisco Holdings' net income per share, on a pro forma basis, would have been \$.02, compared to reported net income per share of \$.06 for the year ended December 31, 1996, and \$.95, compared to reported net income per share of \$1.13 for the year ended December 31, 1995. The pro forma reduction in net income in 1995 of \$47 million includes \$41 million in fair value for the 5,971,858 stock options granted in exchange for the cancellation of RJRN Holdings stock options, as previously described.

In order to calculate the pro forma information presented above, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1996 and 1995, respectively: dividend yield of 1.9 percent for both years; expected volatility of 24% and 27%, risk-free interest rates of 6.4% and 6.8%; and expected lives of 7 and 11 years.

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTE 13--RETIREMENT BENEFITS

PENSION BENEFITS

RJRN and its subsidiaries sponsor a number of non-contributory defined benefit pension plans covering most U.S. and certain foreign employees of Nabisco. Plans covering the majority of salaried employees in the food operations provide pension benefits that are based on credits, determined by

age, earned throughout an employee's service and final average compensation before retirement. Plan benefits are offered as lump sum or annuity options. Plans covering hourly as well as certain salaried employees in the food operations provide pension benefits that are based on the employee's length of service and final average compensation before retirement. RJRN's policy is to fund the cost of current service benefits and past service cost over periods not exceeding 30 years to the extent that such costs are currently tax deductible. Additionally, RJRN and its subsidiaries participate in several (i) multi-employer plans, which provide benefits to certain of Nabisco's union employees, and (ii) defined contribution plans which provide benefits to certain employees in foreign countries. Employees in foreign countries who are not U.S. citizens are also covered by various postemployment benefit arrangements, some of which are considered to be defined benefit plans for accounting purposes.

A summary of the components of pension expense is as follows (in millions):

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1994
Defined benefit pension plans:			
Service cost--benefits earned during the period.....	\$ 47	\$ 32	\$ 42
Interest cost on projected benefit obligation.....	109	110	108
Less actual return on plan assets.....	(180)	(229)	(5)
Net amortization and deferral.....	56	115	(105)
Total.....	32	28	40
Multi-employer and other defined contribution plans.....	35	32	32
Total pension expense.....	\$ 67	\$ 60	\$ 72

The principal plans used the following actuarial assumptions for accounting purposes:

	U.S. PLANS		FOREIGN PLANS	
	DECEMBER 31, 1996	DECEMBER 31, 1995	DECEMBER 31, 1996	DECEMBER 31, 1995
Weighted average discount rate.....	7.5%	7.0%	8.0%	8.0%
Rate of increase in compensation levels.....	5.0%	5.0%	4.7%	4.5%
Expected long-term rate of return on assets.....	9.5%	9.5%	8.0%	8.0%

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 13--RETIREMENT BENEFITS (CONTINUED)

The following table sets forth the funded status and amounts recognized in the consolidated balance sheets at December 31, 1996 and 1995 for defined benefit pension plans for Nabisco (in millions):

	U.S. PLANS				FOREIGN PLANS		
	DECEMBER 31, 1996	DECEMBER 31, 1995	DECEMBER 31, 1996	DECEMBER 31, 1995	DECEMBER 31, 1996	DECEMBER 31, 1995	DECEMBER 31, 1995
Actuarial present value of:							
Vested benefits...	\$ 1,203	\$ 32	\$ 209	\$ 1,014	\$ 160	\$ 16	\$ 151
Non-vested							

benefits.....	25	--	15	10	2	1	6
Accumulated benefit obligation.....	1,228	32	224	1,024	162	17	157
Effect of future salary increases.....	97	2	28	88	20	1	45
Projected benefit obligation.....	1,325	34	252	1,112	182	18	202
Plan assets at fair market value.....	1,294	--	239	972	201	2	172
Plan assets in excess of (less than) projected benefit obligation.....	(31)	(34)	(13)	(140)	19	(16)	(30)
Unrecognized net (gain) loss.....	(23)	9	7	63	(35)	1	13
Unrecognized prior service cost.....	19	(5)	1	15	(6)	2	(6)
Adjustment required to recognize minimum pension liability.....	--	(9)	--	(17)	--	(2)	--
Net pension liabilities recognized in the consolidated balance sheets....	\$ (35)	\$ (39)	\$ (5)	\$ (79)	\$ (22)	\$ (15)	\$ (23)

<CAPTION>

<S>	<C>
	PLANS WHOSE ACCUMULATED BENEFITS EXCEEDED ASSETS
<S>	<C>
Actuarial present value of:	
Vested benefits...	\$ 34
Non-vested benefits.....	2
Accumulated benefit obligation.....	36
Effect of future salary increases.....	4
Projected benefit obligation.....	40
Plan assets at fair market value.....	19
Plan assets in excess of (less than) projected benefit obligation.....	(21)
Unrecognized net (gain) loss.....	6
Unrecognized prior service cost.....	2
Adjustment required to recognize minimum pension liability.....	(2)
Net pension liabilities recognized in the consolidated balance sheets....	\$ (15)

</TABLE>

At December 31, 1996, over 95% of the plans' assets were invested in listed stocks and bonds and other highly liquid investments. The balance consisted of various income producing investments.

POSTRETIREMENT BENEFITS

In addition to providing pension benefits, RJRN provides certain health care and life insurance benefits for retired employees of Nabisco and their dependents. Substantially all of its regular full-time employees, including certain employees in foreign countries, may become eligible for those benefits if they reach retirement age while working for Nabisco.

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 13--RETIREMENT BENEFITS (CONTINUED)

Net postretirement health and life insurance benefit costs for the years ended December 31, 1996, 1995 and 1994 consist of the following (in millions):

	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Service cost--benefits earned during the period.....	\$ 7	\$ 8	\$ 8
Interest cost on accumulated postretirement benefit obligation.....	32	32	29
	---	---	---
Net postretirement health care and life insurance costs.....	\$ 39	\$ 40	\$ 37
	---	---	---

</TABLE>

Nabisco's postretirement health and life insurance benefit plans sponsored by RJRN currently are not funded. The status of the plans for Nabisco as of December 31, 1996 and 1995 is as follows (in millions):

	1996	1995
	-----	-----
<S>	<C>	<C>
Actuarial present value of accumulated postretirement benefit obligation:		
Retirees.....	\$ 345	\$ 356
Fully eligible active plan participants.....	46	38
Other active plan participants.....	110	109
Unrecognized actuarial amounts.....	(73)	(69)
	-----	-----
Accrued postretirement health care and life insurance costs.....	\$ 428	\$ 434
	-----	-----

</TABLE>

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 7% for 1996, and 6.5% for 1997, gradually declining to 5% by the year 2000 and remaining at that level thereafter. A one percentage point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation as of December 31, 1996 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by approximately \$32.6 million and \$3.4 million respectively.

The assumed discount rate used in determining the accumulated postretirement benefit obligation was 7.5% and 7.0% as of December 31, 1996 and 1995, respectively.

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 14--SEGMENT INFORMATION

GEOGRAPHIC DATA

The following tables show certain financial information relating to Nabisco

Holdings' operations in various geographic areas (in millions):

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1994
Net sales:			
United States.....	\$ 6,315	\$ 6,059	\$ 5,764
Latin America.....	1,442	1,307	1,116
Other geographic areas.....	1,132	928	819
Combined net sales.....	\$ 8,889	\$ 8,294	\$ 7,699
Operating income:			
United States (1).....	\$ 333	\$ 681	\$ 725
Latin America (2).....	73	136	88
Other geographic areas (2).....	68	85	74
Combined operating income.....	\$ 474	\$ 902	\$ 887

</TABLE>

<TABLE>
<CAPTION>

	DECEMBER 31, 1996	DECEMBER 31, 1995
Assets:		
United States.....	\$ 9,476	\$ 9,879
Latin America.....	1,530	1,283
Other geographic areas.....	1,284	1,141
Combined assets.....	\$ 12,290	\$ 12,303
Liabilities of operations located in foreign countries.....	\$ 1,000	\$ 785

</TABLE>

(1) The 1996 amount includes \$353 million for restructuring expense and the 1995 amount includes an \$11 million net gain related to the sale of the Ortega Mexican food and the New York Style Bagel Chip businesses.

(2) The 1996 amount includes restructuring expense of \$51 million for Latin America and \$24 million for other geographic areas.

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NABISCO HOLDINGS CORP.
NABISCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 15--ADDITIONAL INFORMATION

(IN MILLIONS)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1996	1995	1994
Advertising expense.....	\$ 201	\$ 231	\$ 234
Research and development expense.....	105	109	98
Rent expense.....	77	70	70

NOTE 16--QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the quarterly results of operations and per share data for Nabisco Holdings for the quarterly periods of 1996 and 1995:

(IN MILLIONS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	FIRST	SECOND	THIRD	FOURTH
<S>	<C>	<C>	<C>	<C>
1996				
Net sales.....	\$ 1,990	\$ 2,178	\$ 2,238	\$ 2,483
Gross profit.....	808	907	906	1,042
Operating income (loss) (1).....	181	(195)	208	280
Income (loss) before extraordinary item (1).....	53	(216)	70	110
Net income (loss) (1).....	53	(216)	70	110
PER SHARE DATA:				
Income (loss) before extraordinary item (1).....	\$.20	\$ (.81)	\$.26	\$.41
Net income (loss) (1).....	.20	(.81)	.26	.41
Dividends declared.....	.1375	.155	.155	.155
Market price.....				
High.....	36 7/8	36 1/4	35 5/8	40 1/4
Low.....	30	30 1/2	31 1/8	32 1/8

<CAPTION>

	FIRST	SECOND	THIRD	FOURTH
<S>	<C>	<C>	<C>	<C>
1995				
Net sales.....	\$ 1,843	\$ 2,057	\$ 2,044	\$ 2,350
Gross profit.....	793	886	842	997
Operating income.....	188	231	196	287
Income before extraordinary item.....	48	79	71	116
Net income.....	48	79	52	116
PER SHARE DATA:				
Income before extraordinary item.....	\$.19	\$.30	\$.27	\$.44
Net income.....	.19	.30	.20	.44
Dividends declared.....	--	.1375	.1375	.1375
Market price (2).....				
High.....	29 3/8	30 1/4	30 1/4	32 5/8
Low.....	25 29/64	25 1/2	26 1/4	26 1/4

</TABLE>

(1) The second quarter of 1996 includes restructuring expense of \$428 million (\$300 million after tax or \$1.13 per share).

(2) The Class A Common Stock of Nabisco Holdings commenced trading on the New York Stock Exchange on January 20, 1995. The initial offering price was \$24.50.

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EXHIBIT INDEX

<TABLE>	<CAPTION>
EXHIBIT NO.	
<C>	<S>
3.1	Restated Certificate of Incorporation of Nabisco Holdings Corp. (incorporated by reference to Exhibit 3.1 to Quarterly Report on Form 10-Q of Nabisco Holdings Corp. and Nabisco, Inc. for the fiscal quarter ended March 31, 1995, filed May 11, 1995 (the "March 1995 Nabisco Form 10-Q").
3.2	Amended Bylaws of Nabisco Holdings Corp., as amended (incorporated by reference to Exhibit 3.2 of the March 1995 Nabisco Form 10-Q).
3.3	Restated Certificate of Incorporation of Nabisco, Inc. (incorporated by reference to Exhibit 3.1 to Amendment No. 1, filed on March 29, 1995, to the Registration Statement on Form S-4 of Nabisco, Inc., Registration No. 33-90224, filed on March 10, 1995 (the "Form S-4, Registration No. 33-90224").
3.4	Amended Bylaws of Nabisco, Inc., as amended (incorporated by reference to Exhibit 3.2 to Form S-4, Registration No. 33-90224).
4.1	Indenture, dated as of June 5, 1995, between Nabisco, Inc. and Citibank, N.A. (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-3 of Nabisco, Inc., Registration No. 33-93214, filed June 7, 1995).
4.2	The Registrant agrees to furnish copies of any instrument defining the rights of holders of long-term debt of the Registrant and its consolidated subsidiaries that does not exceed 10 percent of the total assets of the Registrant and its consolidated subsidiaries to the Commission upon request.
*10.1	Credit Agreement (the "Revolving Credit Agreement"), dated as of October 31, 1996, among Nabisco Holdings Corp., Nabisco, Inc. and the lending institutions parties thereto.
*10.2	Credit Agreement (the "364 Day Facility"), dated as of October 31, 1996, among Nabisco Holdings

Corp., Nabisco, Inc., and the lending institutions parties thereto.

- 10.3 Intercompany Services and Operating Agreement between Nabisco Holdings Corp. and RJR Nabisco, Inc. (incorporated by reference to Exhibit 10.1 to the March 1995 Nabisco Form 10-Q).
- 10.4 Corporate Agreement between Nabisco Holdings Corp. and RJR Nabisco, Inc. (incorporated by reference to Exhibit 10.2 to the March 1995 Nabisco Form 10-Q).
- 10.5 Tax Sharing Agreement between Nabisco Holdings Corp. and RJR Nabisco Holdings, Corp. (incorporated by reference to Exhibit 10.3 to the March 1995 Nabisco Form 10-Q).
- 10.6 Exchange and Indemnification Agreement among Nabisco, Inc., Nabisco Holdings Corp. and RJR Nabisco, Inc. dated as of April 28, 1995 (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q of Nabisco Holdings Corp. and Nabisco, Inc. for the fiscal quarter ended September 30, 1995, filed November 1, 1995 (the "September 1995 Nabisco Form 10-Q)).
- 10.7 Form of Employment Agreement by and between Nabisco, Inc. and the executive named therein (incorporated by reference to Exhibit 10.2 to the September 1995 Nabisco Form 10-Q).
- 10.8 Form of Employment Agreement dated October 31, 1988 by and between RJR Nabisco, Inc. and the executive named therein as amended by the Amendment by and between RJR Nabisco, Inc., Nabisco, Inc. and the executive named therein (incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q/A of Nabisco Holdings Corp. and Nabisco, Inc. for the fiscal quarter ended September 30, 1995, filed November 1, 1995.

</TABLE>

<TABLE>

<CAPTION>

EXHIBIT
NO.

-
- 10.9 Amended and Restated Nabisco Holdings Corp. 1994 Long Term Incentive Plan (dated as of September 15, 1996) (incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q of Nabisco Holdings Corp. and Nabisco, Inc. for the fiscal quarter ended September 30, 1996, filed November 1, 1996 (the "September 1996 Nabisco Form 10-Q")).
- <C>
- 10.9(a) Form of Performance Unit Agreement between Nabisco Holdings Corp. and the grantee named therein (one-year period) (incorporated by reference to Exhibit 10.11(a) to Annual Report on Form 10-K of Nabisco Holdings Corp. and Nabisco, Inc. for the fiscal year ended December 31, 1995, filed February 23, 1996, (the "1995 Nabisco Form 10-K").
 - 10.9(b) Form of Performance Unit Agreement between Nabisco Holdings Corp. and the grantee named therein (three-year period) (incorporated by reference to Exhibit 10.11(b) to the 1995 Nabisco Form 10-K).
 - 10.9(c) Form of Non-Qualified Stock Option Agreement between Nabisco Holdings Corp. and the grantee named therein (regular grant) (incorporated by reference to Exhibit 10.11(c) to the 1995 Nabisco Form 10-K).
 - 10.9(d) Form of Non-Qualified Stock Option Agreement between Nabisco Holdings Corp. and the grantee named therein (conversion grant) (incorporated by reference to Exhibit 10.11(d) to the 1995 Nabisco Form 10-K).
 - 10.9(e) Form of Secured Promissory Note of purchaser named therein in favor of Nabisco Holdings Corp. (1996) (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q of Nabisco Holdings Corp. and Nabisco, Inc. for the fiscal quarter ended March 31, 1996, filed May 2, 1996 (the "March 1996 Nabisco Form 10-Q").
 - 10.9(f) Form of Performance Unit Agreement between Nabisco Holdings Corp. and the grantee named therein (1996: one-year period) (incorporated by reference to Exhibit 10.2 to the March 1996 Nabisco Form 10-Q).
 - 10.9(g) Form of Non-Qualified Stock Option Agreement between Nabisco Holdings Corp. and the grantee named therein (1996 grant) (incorporated by reference to Exhibit 10.3 to the March 1996 Nabisco Form 10-Q).
 - 10.10 Amended and Restated Deferred Compensation Plan for Directors (dated as of September 15, 1996) (incorporated by reference to Exhibit 10.1 to the September 1996 Nabisco Form 10-Q).
 - 10.11 Retirement Trust Agreement, made as of October 12, 1988, between RJR Nabisco, Inc. and Wachovia Bank and Trust Company, N.A. (incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-4 of RJR Holdings Corp. and RJR Holdings Group, Inc., Registration No. 33-27894, filed April 5, 1989, as amended (the "Form S-4, Registration No. 33-27894")).
 - 10.12 Agreement Containing Consent Order to Cease and Desist, dated January 30, 1989, among KKR Associates, the general partners of KKR Associates, Kohlberg Kravis Roberts & Co., L.P., the general partners of Kohlberg Kravis Roberts & Co., L.P., RJR Associates, L.P., RJR Holdings Corp., RJR Holdings Group, Inc., RJR Acquisition Corporation and the Federal Trade Commission (incorporated by reference to Exhibit 10.2 to the Form S-4, Registration No. 33-27894).
 - 10.12(a) Order Granting in Part and Denying in Part Request to Reopen and Modify Order Issued June 13, 1989, issued by the Federal Trade Commission, Docket No. C-3253, on May 13, 1993 (incorporated by reference to Exhibit 10.6(a) to the Annual Report on Form 10-K of Nabisco Holdings Corp. for the fiscal year ended December 31, 1994).
 - 10.13 Form of Employment Agreement Without Change of Control provision (incorporated by reference to

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EXHIBIT
NO.

EXHIBIT NO.	
10.13(a)	Special Addendum, dated December 20, 1988 (incorporated by reference to Exhibit 10(d)(ii) to the Annual Report on Form 10-K of RJR Nabisco Holdings Corp. and RJR Nabisco, Inc. for the fiscal year ended December 31, 1988, file numbers 1-10215 and 1-6388, filed on March 9, 1989, as amended through April 14, 1989 (the "1988 RJRN Form 10-K").
<C>	<S>
10.14	Trust Agreement between RJR Nabisco, Inc. and Wachovia Bank and Trust Company, N.A., as Trustee, dated January 27, 1989 (incorporated by reference to Exhibit 10(d)(iv) to the 1988 RJRN 10-K).
10.15	Master Trust Agreement, as amended and restated as of October 12, 1988, between RJR Nabisco, Inc. and Wachovia Bank and Trust Company, N.A. (incorporated by reference to Exhibit 10.18 to the Form S-4, Registration No. 33-27894).
10.16(a)	Amendment No. 1 to Master Trust Agreement, dated January 27, 1989 (incorporated by reference to Exhibit 10(g)(ii) to the 1988 RJRN Form 10-K).
10.16(b)	Amendment No. 2 to Master Trust Agreement, dated January 27, 1989 (incorporated by reference to Exhibit 10(g)(iii) to the 1988 RJRN Form 10-K).
10.17	Excess Benefit Master Trust Agreement, as amended and restated as of October 12, 1988, between RJR Nabisco, Inc. and Wachovia Bank and Trust Company, N.A. (incorporated by reference to Exhibit 10.21 to the Form S-4, Registration No. 33-27894).
10.17(a)	Amendment No. 1 to Excess Benefit Master Trust Agreement, dated January 27, 1989 (incorporated by reference to Exhibit 10(h)(ii) to the 1988 RJRN Form 10-K).
10.18	Supplemental Benefits Plan of RJR Nabisco, Inc. and Participating Companies, as amended on October 12, 1988 (incorporated by reference to Exhibit 10.25 to the Form S-4, Registration No. 33-27894).
10.18(a)	Amendment to Supplemental Benefits Plan, dated November 23, 1988 (incorporated by reference to Exhibit 10(k)(ii) to the 1988 RJRN Form 10-K).
10.18(b)	Amendment No. 2 to Supplemental Benefits Plan, dated January 27, 1989 (incorporated by reference to Exhibit 10(k)(iii) to the 1988 RJRN Form 10-K).
10.19	Additional Benefits Plan of RJR Nabisco, Inc. and Participating Companies, effective October 12, 1988 (incorporated by reference to Exhibit 10.28 to the Form S-4, Registration No. 33-27894).
10.19(a)	Amendment to Additional Benefits Plan, dated October 28, 1988 (incorporated by reference to Exhibit 10(l)(ii) to the 1988 RJRN Form 10-K).
10.19(b)	Amendment to Additional Benefits Plan, dated November 23, 1988 (incorporated by reference to Exhibit 10(l)(iii) to the 1988 RJRN Form 10-K).
10.19(c)	Amendment to Additional Benefits Plan No. 3, dated January 27, 1989 (incorporated by reference to Exhibit 10(l)(iv) to the 1988 RJRN Form 10-K).
10.20	RJR Nabisco, Inc. Supplemental Executive Retirement Plan, as amended on July 21, 1988 (incorporated by reference to Exhibit 10.32 to the Form S-4, Registration No. 33-27894).
10.20(a)	Amendment to Supplemental Executive Retirement Plan, dated November 23, 1988 (incorporated by reference to Exhibit 10(m)(ii) to the 1988 RJRN Form 10-K).
10.20(b)	Amendment No. 2 to Supplemental Executive Retirement Plan, dated January 27, 1989 (incorporated by reference to Exhibit 10(m)(iii) to the 1988 RJRN Form 10-K).
10.20(c)	Amendment to Supplemental Executive Retirement Plan, dated April 10, 1993 (incorporated by reference to Exhibit 10.15(c) to the Annual Report on Form 10-K for RJR Nabisco Holdings Corp. and RJR Nabisco, Inc. for the fiscal year ended December 31, 1993, file numbers 1-10215 and 1-6388, filed on February 24, 1994 (the "1993 RJRN Form 10-K")).

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EXHIBIT
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EXHIBIT NO.	
10.21	Stock Option Plan for Directors and Key Employees of RJR Holdings Corp. and Subsidiaries, dated as of July 21, 1989 (incorporated by reference to Exhibit 10.71 to the Registration Statement on Form S-1 of RJR Holdings Corp., Registration No. 33-29401, filed on June 20, 1989, as amended (the "Form S-1, Registration No. 33-29401")).
<C>	<S>
10.22	Form of Common Stock Subscription Agreement between RJR Holdings Corp. and the purchaser named therein (incorporated by reference to Exhibit A to Post-Effective Amendment No. 2, filed on August 21, 1989, to the Form S-1 of RJR Holdings Corp., Registration No. 33-29401 (the "Post-Effective Amendment No. 2 to the Form S-1, Registration No. 33-29401")).

- 10.23 Form of Non-Qualified Stock Option Agreement between RJR Holdings Corp. and the optionee named therein (incorporated by reference to Exhibit B to Post-Effective Amendment No. 2 to the Form S-1, Registration No. 33-29401).
- 10.24 Amended and Restated RJR Nabisco Holdings Corp. 1990 Long Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of RJR Nabisco Holdings Corp. and RJR Nabisco, Inc. for the fiscal quarter ended March 31, 1993, filed April 30, 1993 ("the March 1993 RJRN Form 10-Q")).
- 10.25 Form of Purchase Stock Agreement between RJR Nabisco Holdings Corp. and purchaser named therein (1991 Grant) (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-8 of RJR Nabisco Holdings Corp., Registration No. 33-39791, filed on April 5, 1991 (the "Form S-8, Registration No. 33-39791")).
- 10.26 Form of Non-Qualified Stock Option Agreement between RJR Nabisco Holdings Corp. and the senior executive optionee named therein (1991 Grant) (incorporated by reference to Exhibit 4.4(a) to Form S-8, Registration No. 33-39791).
- 10.27 Form of Non-Qualified Stock Option Agreement between RJR Nabisco Holdings Corp. and the executive or management optionee named therein (1991 Grant) (incorporated by reference to Exhibit 4.4(b) to Form S-8, Registration No. 33-39791).
- 10.28 Non-Qualified Stock Option Agreement, dated December 31, 1993, between RJR Nabisco Holdings Corp. and Charles M. Harper (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of RJR Nabisco Holdings Corp. and RJR Nabisco, Inc. for the fiscal quarter ended June 30, 1994, filed August 3, 1994).
- 10.29 Non-Qualified Stock Option Agreement, dated December 31, 1994, between RJR Nabisco Holdings Corp. and Charles M. Harper (incorporated by reference to the Annual Report on Form 10-K of RJR Nabisco Holdings Corp. and RJR Nabisco, Inc. for the fiscal year ended December 31, 1994, file numbers 1-10215 and 1-6388, filed on February 23, 1995 (the "1994 RJRN 10-K")).
- 10.30 Form of Secured Promissory Note of purchaser named therein in favor of RJR Nabisco Holdings Corp. (1991 Grant) (incorporated by reference to Exhibit 4.5 to Form S-8, Registration No. 33-39791).
- 10.30(a) Form of Amendment and Exchange of Secured Promissory Note, dated July 1, 1993 (1991 Grant) (incorporated by reference to Exhibit 10.33(a) to the 1993 RJRN Form 10-K).
- 10.31 Form of Purchase Stock Agreement between RJR Nabisco Holdings Corp. and the purchaser named therein (1992 Grant) (incorporated by reference to Exhibit 10.34 to the Annual Report on Form 10-K of RJR Nabisco Holdings Corp., RJR Nabisco Holdings Group, Inc., RJR Nabisco Capital Corp. and RJR Nabisco, Inc. for the fiscal year ended December 31, 1991, File Nos. 1-10215, 1-10214, 1-10248 and 1-6388 (the "1991 RJRN Form 10-K")).
- 10.32 Form of Non-Qualified Stock Option Agreement between RJR Nabisco Holdings Corp. and the senior executive optionee named therein (1992 Grant/cycle) (incorporated by reference to Exhibit 10.35 to the 1991 RJRN Form 10-K).

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EXHIBIT
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-
- 10.33 Form of Non-Qualified Stock Option Agreement between RJR Nabisco Holdings Corp. and the senior executive optionee named therein (1992 Grant/5-year) (incorporated by reference to Exhibit 10.36 to the 1991 RJRN Form 10-K).
- <C> <S>
- 10.34 Form of Non-Qualified Stock Option Agreement between RJR Nabisco Holdings Corp. and the executive or management optionee named therein (1992 Grant) (incorporated by reference to Exhibit 10.37 to the 1991 RJRN Form 10-K).
 - 10.35 Form of Restated Non-Qualified Stock Option Agreement under the 1990 Long Term Incentive Plan, between RJR Nabisco Holdings Corp. and the optionee named therein (incorporated by reference to Exhibit 10.38 to the 1993 RJRN Form 10-K).
 - 10.36 Form of Non-Qualified Stock Option Agreement between RJR Nabisco Holdings Corp. and the optionee name therein (1993 Grant) (incorporated by reference to Exhibit 10.39 to the Annual Report on Form 10-K of RJR Nabisco Holdings Corp. and RJR Nabisco, Inc. for the fiscal year ended December 31, 1992, File Nos. 1-10215 and 1-6388 (the "1992 RJRN Form 10-K")).
 - 10.37 Performance Share Program under RJR Nabisco Holdings Corp. 1990 Long Term Incentive Plan (incorporated by reference to Exhibit 10.40 to the 1992 RJRN Form 10-K).
 - 10.38 Form of Performance Share Agreement between RJR Nabisco Holdings Corp. and the grantee named therein (1993 Grant) (incorporated by reference to Exhibit 10.41 to the 1992 RJRN Form 10-K).
 - 10.39 Restricted Stock Program under the 1990 Long Term Incentive Plan (incorporated by reference to Exhibit 10.42 to the 1993 RJRN Form 10-K).
 - 10.40 Form of Restricted Stock Agreement under the 1990 Long Term Incentive Plan between RJR Nabisco Holdings Corp. and the grantee named therein (1993 Grant) (incorporated by reference to Exhibit 10.1 to the March 1993 RJRN Form 10-Q).

- 10.41 Form of Executive Equity Program Agreement under the 1990 Long Term Incentive Plan, between RJR Nabisco Holdings Corp. and the grantee named therein (3 year) (incorporated by reference to Exhibit 10.44 to the 1993 RJRN Form 10-K).
- 10.41(a) Form of Executive Equity Program Agreement under the 1990 Long Term Incentive Plan, between RJR Nabisco Holdings Corp. and the grantee named therein (4 year) (incorporated by reference to Exhibit 10.45 to the 1993 RJRN Form 10-K).
- 10.42 Form of Secured Promissory Note of purchaser named therein in favor of RJR Nabisco Holdings Corp. (1992 Grant) (incorporated by reference to Exhibit 10.38 to the 1991 RJRN Form 10-K).
- 10.42(a) Form of Amendment and Exchange of Secured Promissory Note, dated July 1, 1993 (1992 Grant) (incorporated by reference to Exhibit 10.47(a) to the 1993 RJRN Form 10-K).
- 10.42(b) Consulting Agreement, dated February 14, 1995, among RJR Nabisco Holdings Corp., Nabisco Holdings Corp. and Eugene R. Croisant (incorporated by reference to Exhibit 10.32 to the 1994 RJRN 10-K).
- 10.43 Restated and Amended Stock Option Plan for Directors and Key Employees of RJR Nabisco Holdings Corp. dated as of October 4, 1994 (incorporated by reference to Exhibit 10.55 to the 1994 RJRN 10-K).
- 10.43(a) Performance Unit Program under RJR Nabisco Holdings Corp. 1990 Long Term Incentive Plan (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of RJR Nabisco Holdings Corp. and RJR Nabisco, Inc. for the fiscal quarter ended March 31, 1994 filed May 12, 1994 (the "March 1994 RJRN Form 10-Q")).
- 10.44 Form of Performance Unit Agreement between RJR Nabisco Holdings Corp. and the grantee named therein (1994 Grant--1 Year Period) (incorporated by reference to Exhibit 10.4 to the March 1994 RJRN Form 10-Q).

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EXHIBIT
NO.

10.45 Form of Performance Unit Agreement between RJR Nabisco Holdings Corp. and the grantee named therein (1994 Grant--3 Year Period) (incorporated by reference to Exhibit 10.5 to the March 1994 RJRN Form 10-Q).

<C> <S>

10.46 Amended and Restated Employment Agreement by and among Nabisco Holdings Corp., Nabisco, Inc., RJR Nabisco Holdings Corp., RJR Nabisco, Inc. and H. John Greeniaus, effective as of December 14, 1995 (incorporated by reference to Exhibit 10.48 to the 1995 Nabisco Form 10-K).

10.47 Amended and Restated Stock Option Plan for Directors of Nabisco Holdings Corp. and Subsidiaries, (dated as of September 15, 1996) (incorporated by reference to Exhibit 10.2 to the September 1996 Nabisco Form 10-Q.)

10.47(a) Form of Non-Qualified Stock Option Agreement between Nabisco Holdings Corp. and the Director named therein (initial grant) (incorporated by reference to Exhibit 10.49(a) to the 1995 Nabisco Form 10-K).

10.47(b) Form of Non-Qualified Stock Option Agreement between Nabisco Holdings Corp. and the Director named therein (annual grant) (incorporated by reference to Exhibit 10.49(b) to the 1995 Nabisco Form 10-K).

*11. Nabisco Holdings Corp. Computation of Earnings Per Share for the year ended December 31, 1996.

*12. Nabisco, Inc. Computation of Ratio of Earnings to Fixed Charges for the year ended December 31, 1996.

*21. Subsidiaries of the Registrants.

*23. Consent of Independent Auditors.

*24. Powers of Attorney.

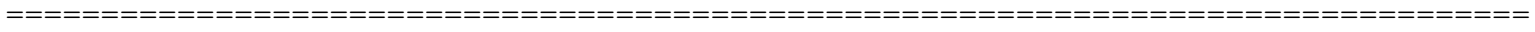
*27.1 Nabisco Holdings Corp. Financial Data Schedule.

*27.2 Nabisco, Inc. Financial Data Schedule.

</TABLE>

* Filed herewith.

5 YEAR NABISCO CREDIT AGREEMENT



CREDIT AGREEMENT

AMONG

NABISCO HOLDINGS CORP.,

NABISCO, INC.

AND

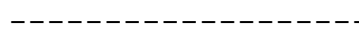
BANKERS TRUST COMPANY,
THE CHASE MANHATTAN BANK,
CITIBANK, N.A.

AND

THE FUJI BANK, LIMITED,
AS SENIOR MANAGING AGENTS

AND

VARIOUS LENDING INSTITUTIONS



Dated as of October 31, 1996



\$1,500,000,000

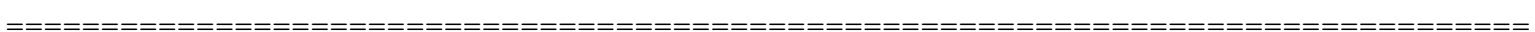


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(iv)

CREDIT AGREEMENT, dated as of October 31, 1996, among NABISCO HOLDINGS CORP., a Delaware corporation ("Holdings"), NABISCO, INC., a New Jersey corporation (the "Borrower"), and the lending institutions listed from time to time on Annex I hereto (each a "Bank" and, collectively, the "Banks"). Unless otherwise defined herein, all capitalized terms used herein and defined in Section 10 are used herein as so defined.

W I T N E S S E T H :

WHEREAS, subject to and upon the terms and conditions herein set forth, the Banks are willing to make available the credit facility provided for herein.

NOW, THEREFORE, IT IS AGREED:

SECTION 1. Amount and Terms of Credit.

1.01 Commitments. (A) Subject to and upon the terms and conditions herein set forth, each Bank severally agrees to make a loan or loans (each a "Revolving Loan" and, collectively, the "Revolving Loans") to the Borrower,

which Revolving Loans:

(i) shall be made at any time and from time to time on and after the Effective Date and prior to such Bank's Maturity Date;

(ii) may, at the option of the Borrower, be incurred and maintained as, and/or converted into, Reference Rate Loans or Eurodollar Loans, provided that all Revolving Loans made by all Banks pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Revolving Loans of the same Type;

(iii) may be repaid and reborrowed in accordance with the provisions hereof; and

(iv) shall not exceed for any Bank at any time outstanding that aggregate principal amount which, when added to (A) the product of (x) such Bank's Adjusted Percentage and (y) the sum of (I) the aggregate Letter of Credit Outstandings and (II) the aggregate principal amount of all Swingline Loans then outstanding plus (B) the product of (x) such Bank's Percentage and (y) the sum of (I) the aggregate outstanding principal amount of all Competitive Bid Loans then outstanding and (II) Commercial Paper Outstandings at such time, equals the Commitment of such Bank at such time.

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(B) Subject to and upon the terms and conditions herein set forth, each Swingline Lender severally agrees, at any time and from time to time on and after the Effective Date and prior to the Swingline Maturity Date, to make a loan or loans (each a "Swingline Loan" and, collectively, the "Swingline Loans") to the Borrower, which Swingline Loans:

(i) shall be Reference Rate Loans;

(ii) shall have the benefit of the provisions of Section 1.01(C);

(iii) shall not exceed in the aggregate at any one time outstanding the Swingline Commitment of such Swingline Lender at such time;

(iv) shall not exceed in the aggregate for all Swingline Lenders at any one time outstanding, when combined with the aggregate principal amount of all Revolving Loans and Competitive Bid Loans then outstanding and all Letter of Credit Outstandings and all Commercial Paper Outstandings at such time, the Total Commitment then in effect; and

(v) may be repaid and reborrowed in accordance with the provisions hereof.

On (x) the Swingline Maturity Date, all Swingline Loans shall be repaid in full

and (y) the last Business Day of each calendar quarter, all Swingline Loans shall be repaid in full and may not be reborrowed until the next succeeding Business Day, provided that repayment of the Swingline Loans pursuant to this clause (y) shall not be required to the extent that the aggregate outstanding principal amount of Swingline Loans to be repaid is less than \$25,000,000. No Swingline Lender will make a Swingline Loan after it has received written notice from the Required Banks that one or more of the applicable conditions to Credit Events specified in Section 5.02 are not then satisfied.

(C) On any Business Day, a Swingline Lender (the "Notifying SL Lender") may, in its sole discretion, give notice to the Payments Administrator that all then outstanding Swingline Loans shall be funded with a Borrowing of Revolving Loans (provided that such notice shall be deemed to have been automatically given by each Swingline Lender and each Swingline Lender shall constitute a Notifying SL Lender upon the occurrence of an Event of Default under Section 9.05), in which case a Borrowing of Revolving Loans constituting Reference Rate Loans (each such Borrowing, a "Mandatory Borrowing") shall be made on the immediately succeeding Business Day by all Banks pro rata based on each Bank's Adjusted Percentage, and the proceeds thereof shall be applied directly to repay all Swingline Lenders for their outstanding Swingline Loans. Each Bank hereby irrevocably agrees to make Reference Rate Loans upon one Business Day's notice

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pursuant to each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the date specified in writing by the Notifying SL Lender notwithstanding:

(i) that the amount of the Mandatory Borrowing may not comply with the Minimum Borrowing Amount otherwise required hereunder;

(ii) whether any conditions specified in Section 5.02 are then satisfied;

(iii) whether a Default or an Event of Default has occurred and is continuing;

(iv) the date of such Mandatory Borrowing; and

(v) any reduction in the Total Commitment after any such Swingline Loans were made.

In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code in respect of the Borrower), each Bank (other than each Swingline Lender with respect to its Swingline Loans) hereby agrees that it shall forthwith purchase from each Swingline Lender (without recourse or warranty) such assignment of its

outstanding Swingline Loans as shall be necessary to cause the Banks to share in such Swingline Loans ratably based upon their respective Adjusted Percentages, provided that all interest payable on such Swingline Loans shall be for the account of the Swingline Lenders until the date the respective assignment is purchased and, to the extent attributable to the purchased assignment, shall be payable to the Bank purchasing same from and after such date of purchase.

(D) Subject to and upon the terms and conditions herein set forth, each Bank severally agrees that the Borrower may incur a loan or loans (each a "Competitive Bid Loan" and, collectively, the "Competitive Bid Loans") pursuant to a Competitive Bid Borrowing from time to time on and after the Effective Date and prior to the date which is the third Business Day preceding the date which is 14 days prior to the Final Maturity Date, provided, that after giving effect to any Competitive Bid Borrowing and the use of the proceeds thereof, the aggregate outstanding principal amount of Competitive Bid Loans when combined with the aggregate outstanding principal amount of all Revolving Loans and Swingline Loans then outstanding, the aggregate Commercial Paper Outstandings and the aggregate Letter of Credit Outstandings at such time shall not exceed the Total Commitment at such time. Within the foregoing limits and subject to the conditions set out in Section 1.04, Competitive Bid Loans may be repaid and reborrowed in accordance with the provisions hereof.

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1.02 Minimum Amount of Each Borrowing; Maximum Number of Borrowings. The aggregate principal amount of each Borrowing of Committed Loans shall not be less than the Minimum Borrowing Amount with respect thereto (except that Mandatory Borrowings shall be made in the amounts required by Section 1.01(C)). More than one Borrowing may be incurred on any date, provided that at no time shall there be outstanding more than twenty Borrowings of Eurodollar Loans under this Agreement.

1.03 Notice of Borrowing of Committed Loans. (a) Whenever the Borrower desires to incur Revolving Loans hereunder (other than Mandatory Borrowings), it shall give the Payments Administrator at the Payments Administrator's Office (x) prior to 11:00 A.M. (New York time) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Revolving Loans constituting Eurodollar Loans and (y) prior to 11:00 A.M. (New York time) prior written notice (or telephonic notice promptly confirmed in writing) on the date of each Borrowing of Revolving Loans constituting Reference Rate Loans. Each such notice (each, together with each notice of a Borrowing of Swingline Loans pursuant to Section 1.03(b), a "Notice of Borrowing") shall be irrevocable and shall specify: (i) the aggregate principal amount of the Revolving Loans to be made pursuant to such Borrowing; (ii) the date of Borrowing (which shall be a Business Day); and (iii) whether the respective Borrowing shall consist of Reference Rate Loans or Eurodollar Loans and, if Eurodollar Loans, the Interest Period to be initially applicable thereto. The Payments Administrator shall promptly give each Bank written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing

of Revolving Loans, of such Bank's proportionate share thereof and of the other matters covered by the Notice of Borrowing.

(b) Whenever the Borrower desires to incur Swingline Loans hereunder, it shall give the Payments Administrator at the Payments Administrator's Office written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Swingline Loans prior to 11:00 A.M. (New York time) on the date of such Borrowing. Each such notice shall be irrevocable and shall specify (i) the aggregate principal amount of the Swingline Loans to be made pursuant to such Borrowing and (ii) the date of Borrowing (which shall be a Business Day). The Payments Administrator shall promptly give each Swingline Lender written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Swingline Loans, of such Swingline Lender's proportionate share thereof and of the other matters covered by the Notice of Borrowing.

(c) Mandatory Borrowings shall be made upon the notice specified in Section 1.01(C), with the Borrower irrevocably agreeing, by its incurrence of any Swingline Loan, to the making of Mandatory Borrowings as set forth in such Section.

(d) Without in any way limiting the obligation of the Borrower to confirm in writing any notice it may give hereunder by telephone, the Payments Administrator may

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act prior to receipt of written confirmation without liability upon the basis of such telephonic notice, believed by the Payments Administrator in good faith to be from the Chairman, Chief Financial Officer or Treasurer of the Borrower, or from any other person designated in writing to the Payments Administrator by the Chief Financial Officer or Treasurer of the Borrower as a person entitled to give telephonic notices under this Agreement on behalf of the Borrower. In each such case the Borrower hereby waives the right to dispute the Payments Administrator's record of the terms of any such telephonic notice.

1.04 Competitive Bid Borrowings. (a) Whenever the Borrower desires to incur a Competitive Bid Borrowing, it shall deliver to the Payments Administrator at the Payments Administrator's Office, prior to 11:00 A.M. (New York time) (x) at least four Business Days prior to the date of such proposed Competitive Bid Borrowing in the case of a Spread Borrowing, and (y) at least one Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of an Absolute Rate Borrowing, a written notice (a "Notice of Competitive Bid Borrowing"), which notice shall specify in each case (i) the date (which shall be a Business Day) and the aggregate amount of the proposed Competitive Bid Borrowing, (ii) the maturity date for repayment of each and every Competitive Bid Loan to be made as part of such Competitive Bid Borrowing (which maturity date may be (A) one, two, three or six months after the date of such Competitive Bid Borrowing in the case of a Spread Borrowing and (B) between

7 and 180 days, inclusive, after the date of such Competitive Bid Borrowing in the case of an Absolute Rate Borrowing, provided that in no event shall the maturity date of any Competitive Bid Borrowing be later than the third Business Day preceding the Final Maturity Date), (iii) the interest payment date or dates relating thereto, (iv) whether the proposed Competitive Bid Borrowing is to be an Absolute Rate Borrowing or a Spread Borrowing, and if a Spread Borrowing, the Interest Rate Basis, and (v) any other terms to be applicable to such Competitive Bid Borrowing. The Payments Administrator shall promptly notify each Bidder Bank of each such request for a Competitive Bid Borrowing received by it from the Borrower by telecopying to each such Bidder Bank a copy of the related Notice of Competitive Bid Borrowing.

(b) Each Bidder Bank shall, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Loans to the Borrower as part of such proposed Competitive Bid Borrowing at a rate or rates of interest (which shall be a specified Spread over or under the Interest Rate Basis in the case of a Spread Borrowing or an Absolute Rate in the case of an Absolute Rate Borrowing) specified by such Bank in its sole discretion and determined by such Bank independently of each other Bank, by notifying the Payments Administrator (which shall give prompt notice thereof to the Borrower) before 10:00 A.M. (New York time) on the date (the "Reply Date") which is (x) in the case of an Absolute Rate Borrowing, the date of such proposed Competitive Bid Borrowing and (y) in the case of a Spread Borrowing, three Business Days before the date of such proposed Competitive Bid Borrowing, of the minimum amount and maximum

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amount of each Competitive Bid Loan which such Bank would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts may, subject to the proviso to Section 1.01(D), exceed such Bank's Commitment), the rate or rates of interest therefor and such Bank's lending office with respect to such Competitive Bid Loan, provided that if the Payments Administrator in its capacity as a Bank shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:30 A.M. (New York time) on the Reply Date. Any Bidder Bank not giving the Payments Administrator the notice specified in the preceding sentence shall not be obligated to, and shall not, make any Competitive Bid Loan as part of such Competitive Bid Borrowing.

(c) The Borrower shall, in turn, before 11:00 A.M. (New York time) (x) on the Reply Date in the case of a proposed Absolute Rate Borrowing and (y) on the Business Day following the Reply Date in the case of a proposed Spread Borrowing, either:

(i) cancel such Competitive Bid Borrowing by giving the Payments Administrator notice to such effect, or

(ii) accept one or more of the offers made by any Bidder Bank or Banks by giving notice (in writing or by telephone confirmed in writing)

to the Payments Administrator of the amount of each Competitive Bid Loan (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Payments Administrator on behalf of such Bidder Bank for such Competitive Bid Borrowing) to be made by each Bidder Bank as part of such Competitive Bid Borrowing, and reject any remaining offers made by Banks by giving the Payments Administrator notice to that effect, provided that (x) acceptance of offers may only be made on the basis of ascending Absolute Rates (in the case of an Absolute Rate Borrowing) or Spreads (in the case of a Spread Borrowing), commencing with the lowest rate so offered and (y) if offers are made by two or more Bidder Banks at the same rate and acceptance of all such equal offers would result in a greater principal amount of Competitive Bid Loans being accepted than the aggregate principal amount requested by the Borrower, the Borrower shall then have the right to accept one or more such equal offers in their entirety and reject the other equal offer or offers or to allocate acceptance among all such equal offers (but giving effect to the minimum and maximum amounts specified for each such offer), as the Borrower may elect in its sole discretion, provided further that in no event shall the aggregate principal amount of the Competitive Bid Loans accepted by the Borrower as part of a Competitive Bid Borrowing exceed the amount specified by the Borrower in the related Notice of Competitive Bid Borrowing.

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(d) If the Borrower notifies the Payments Administrator that such Competitive Bid Borrowing is cancelled, the Payments Administrator shall give prompt notice thereof to the Bidder Banks and such Competitive Bid Borrowing shall not be made.

(e) If the Borrower accepts one or more of the offers made by any Bidder Bank or Banks, the Payments Administrator shall in turn promptly notify (x) each Bidder Bank that has made an offer of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any offer or offers made by such Bidder Bank have been accepted by the Borrower and (y) each Bidder Bank that is to make a Competitive Bid Loan as part of such Competitive Bid Borrowing of the amount of each Competitive Bid Loan to be made by such Bidder Bank.

(f) On the last Business Day of each calendar quarter, the Payments Administrator shall notify the Banks of the aggregate principal amount of Competitive Bid Loans outstanding at such time.

1.05 Disbursement of Funds. (a) No later than 1:00 P.M. (New York time) on the date of each Borrowing (including Mandatory Borrowings), each Bank will make available its pro rata portion, if any, of each Borrowing requested to be made on such date in the manner provided below.

(b) Each Bank shall make available all amounts it is to fund under any Borrowing in U.S. dollars and immediately available funds to the Payments

Administrator at the Payments Administrator's Office and the Payments Administrator will (except in the case of Mandatory Borrowings) make available to the Borrower by depositing to its account at the Payments Administrator's Office the aggregate of the amounts so made available in U.S. dollars and the type of funds received. Unless the Payments Administrator shall have been notified by any Bank prior to the date of any such Borrowing that such Bank does not intend to make available to the Payments Administrator its portion of the Borrowing or Borrowings to be made on such date, the Payments Administrator may assume that such Bank has made such amount available to the Payments Administrator on such date of Borrowing, and the Payments Administrator, in reliance upon such assumption, may (in its sole discretion and without any obligation to do so) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Payments Administrator by such Bank and the Payments Administrator has made available same to the Borrower, the Payments Administrator shall be entitled to recover such corresponding amount from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Payments Administrator's demand therefor, the Payments Administrator shall promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Payments Administrator. The Payments Administrator shall also be entitled to recover from such Bank or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such

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corresponding amount was made available by the Payments Administrator to the Borrower to the date such corresponding amount is recovered by the Payments Administrator, at a rate per annum equal to (x) if paid by such Bank, the overnight Federal Funds Rate or (y) if paid by the Borrower, the then applicable rate of interest, calculated in accordance with Section 1.09, for the respective Loans.

(c) Nothing in this Section 1.05 shall be deemed to relieve any Bank from its obligation to fulfill its commitments hereunder or to prejudice any rights which the Borrower may have against any Bank as a result of any default by such Bank hereunder.

1.06 Notes; Register. (a) The Borrower's obligation to pay the principal of, and interest on, the Revolving Loans made by each Bank shall, except as provided in Sections 1.14 and 12.04, be evidenced by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit A with blanks appropriately completed in conformity herewith (each a "Note" and, collectively, the "Notes").

(b) The Note issued to each Bank shall: (i) be payable to the order of such Bank and be dated the Effective Date; (ii) be in a stated principal amount equal to the Commitment of such Bank and be payable in the principal amount of the Revolving Loans evidenced thereby; (iii) mature on such Bank's Maturity Date; and (iv) bear interest as provided in the appropriate clause of

Section 1.09 in respect of the Reference Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby.

(c) Each Bank will note on its internal records the amount of each Loan made by it and each payment in respect thereof and will prior to any transfer of its Note endorse on the reverse side thereof the outstanding principal amount of Revolving Loans evidenced thereby. Failure to make any such notation or any error in any such notation shall not affect the Borrower's obligations in respect of such Revolving Loans.

(d) The Payments Administrator shall maintain at the Payments Administrator's Office a register for the recordation of the names and addresses of the Banks, the Commitments of the Banks from time to time, and the principal amount of the Revolving Loans, Swingline Loans and Competitive Bid Loans, owing to each Bank from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error. The Register shall be available for inspection by the Borrower or any Bank at any reasonable time and from time to time upon reasonable prior notice.

1.07 Conversions. The Borrower shall have the option to convert on any Business Day all or a portion equal to at least the Minimum Borrowing Amount of the outstanding principal amount of Revolving Loans of one Type into a Borrowing or Borrowings of another Type, provided that: (i) no partial conversion of Eurodollar Loans

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shall reduce the outstanding principal amount of Eurodollar Loans made pursuant to a single Borrowing to less than the Minimum Borrowing Amount; (ii) Reference Rate Loans may only be converted into Eurodollar Loans if no Event of Default is in existence on the date of the conversion; and (iii) Borrowings resulting from conversions pursuant to this Section 1.07 shall be limited in number as provided in Section 1.02. Each such conversion shall be effected by the Borrower by giving the Payments Administrator at the Payments Administrator's Office prior to 11:00 A.M. (New York time) at least three Business Days' (or one Business Day's in the case of a conversion into Reference Rate Loans) prior written notice (or telephonic notice promptly confirmed in writing) (each a "Notice of Conversion") specifying the Revolving Loans to be so converted, the Type of Revolving Loans to be converted into and, if to be converted into Eurodollar Loans, the Interest Period to be initially applicable thereto. The Payments Administrator shall give each Bank notice as promptly as practicable of any such proposed conversion affecting any of its Revolving Loans.

1.08 Pro Rata Borrowings. All Borrowings of Revolving Loans under this Agreement shall be loaned by the Banks pro rata on the basis of their Percentages, provided that all Borrowings of Revolving Loans made pursuant to a Mandatory Borrowing shall be loaned by the Banks pro rata on the basis of their Adjusted Percentages. All Borrowings of Swingline Loans shall be loaned by the Swingline Lenders pro rata on the basis of their Swingline Commitments. It is

understood that no Bank shall be responsible for any default by any other Bank in its obligation to make Loans hereunder and that each Bank shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Bank to fulfill its commitments hereunder.

1.09 Interest. (a) The unpaid principal amount of each Reference Rate Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum which shall at all times be the Reference Rate in effect from time to time.

(b) The unpaid principal amount of each Eurodollar Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum which shall at all times be the Applicable Eurodollar Margin plus the relevant Eurodollar Rate.

(c) The unpaid principal amount of each Competitive Bid Loan shall bear interest from the date the proceeds thereof are made available to the Borrower until maturity (whether by acceleration or otherwise) at the rate or rates per annum specified by a Bank or Banks, as the case may be, pursuant to Section 1.04(b) and accepted by the Borrower pursuant to Section 1.04(c).

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(d) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan shall bear interest at a rate per annum equal to 2% in excess of the Reference Rate in effect from time to time, provided that each Eurodollar Loan and Competitive Bid Loan shall bear interest after maturity (whether by acceleration or otherwise) until the end of the Interest Period then applicable thereto at a rate per annum equal to 2% in excess of the rate of interest applicable thereto at maturity.

(e) Interest on each Loan shall accrue from and including the date of any Borrowing to but excluding the date of any repayment thereof and shall be payable: (i) in respect of each Reference Rate Loan, quarterly in arrears on the 15th day of each January, April, July and October; (ii) in respect of any Competitive Bid Loan, at such times as specified in the Notice of Competitive Bid Borrowing relating thereto; (iii) in respect of each Eurodollar Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the first day of such Interest Period; (iv) in respect of each Loan (other than a Reference Rate Loan), on any prepayment (on the amount prepaid); and (v) in respect of each Loan, at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(f) All computations of interest hereunder shall be made in accordance with Section 12.07(b).

(g) The Payments Administrator, upon determining the interest rate for any Borrowing of Eurodollar Loans for any Interest Period, shall promptly

notify the Borrower and the Banks thereof.

1.10 Interest Periods. At the time the Borrower gives a Notice of Borrowing or Notice of Conversion in respect of the making of, or conversion into, a Borrowing of Eurodollar Loans (in the case of the initial Interest Period applicable thereto) or prior to 11:00 A.M. (New York time) on the third Business Day prior to the expiration of an Interest Period applicable to a Borrowing of Eurodollar Loans, it shall have the right to elect the Interest Period applicable to such Borrowing by giving the Payments Administrator written notice (or telephonic notice promptly confirmed in writing) thereof, which Interest Period shall, at the option of the Borrower, be a one, two, three or six month period. Notwithstanding anything to the contrary contained above:

(i) the initial Interest Period for any Borrowing of Eurodollar Loans shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of Reference Rate Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

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(ii) if any Interest Period relating to a Borrowing of Eurodollar Loans or a Spread Borrowing priced by reference to the Eurodollar Rate begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iii) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day, provided that if any Interest Period in respect of a Eurodollar Loan or a Spread Borrowing priced by reference to the Eurodollar Rate would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day; and

(iv) no Interest Period in respect of Eurodollar Loans shall extend beyond the Final Maturity Date.

Notwithstanding the foregoing, if an Event of Default is in existence at the time any Interest Period in respect of any Eurodollar Loans is to expire, such Eurodollar Loans may not be continued as Eurodollar Loans but instead shall be automatically converted on the last day of such Interest Period into Reference Rate Loans. If upon the expiration of any Interest Period in respect of Eurodollar Loans, the Borrower has failed to elect a new Interest Period to be applicable thereto as provided above, the Borrower shall be deemed to have elected to convert such Borrowing into a Borrowing of Reference Rate Loans effective as of the expiration date of such current Interest Period.

1.11 Increased Costs, Illegality, etc. (a) In the event that (x) in the case of clause (i) below, the Majority SMA or (y) in the case of clauses (ii) and (iii) below, any Bank shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto):

(i) on any date for determining the Eurodollar Rate for any Interest Period that, by reason of any changes arising on or after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loans or Competitive Bid Loans because of (x) any change since the date of this Agreement (or, in the case of any such cost or reduction with respect to any Competitive Bid Loan, since the date of the making of such Competitive Bid Loan)

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in any applicable law, governmental rule, regulation, guideline or order (or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, guideline or order) (such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Eurodollar Rate) and/or (y) other circumstances affecting the interbank Eurodollar market; or

(iii) at any time, that the making or continuance of any Loan (other than Reference Rate Loans) has become unlawful by compliance by such Bank in good faith with any law, governmental rule, regulation, guideline or order (or would conflict with any such governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), or, in the case of a Eurodollar Loan, has become impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Bank (or the Majority SMA, in the case of clause (i) above) shall on such date give notice (if by telephone confirmed in writing) to the Borrower and to the Payments Administrator of such determination (which notice the Payments Administrator shall promptly transmit to each of the other Banks). Thereafter (x) in the case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the Payments Administrator notifies the Borrower and the Banks that the circumstances giving rise to such notice by the Majority SMA no longer exist, and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to Eurodollar Loans

which have not yet been incurred shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall pay to such Bank, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as shall be required to compensate such Bank for such increased costs or reductions in amounts receivable hereunder (a written notice as to the additional amounts owed to such Bank, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Bank shall, absent manifest error, be final and conclusive and binding upon all parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 1.11(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any Eurodollar Loan or Competitive Bid Loan is affected by the circumstances described in Section 1.11(a)(ii) (for Eurodollar Loans only) or (iii), the Borrower may (and in the case of a Eurodollar Loan or Competitive Bid Loan affected pursuant to Section 1.11(a)(iii) shall) either (x) if the affected Eurodollar Loan or Competitive Bid Loan is then being made pursuant to a Borrowing, cancel said Borrowing

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by giving the Payments Administrator telephonic notice (confirmed promptly in writing) thereof as promptly as practicable after the Borrower was notified by a Bank pursuant to Section 1.11(a)(ii) or (iii), (y) if the affected Eurodollar Loan is then outstanding, upon at least three Business Days' notice to the Payments Administrator, require the affected Bank to convert each such Eurodollar Loan into a Reference Rate Loan or (z) if the affected Competitive Bid Loan is then outstanding, prepay such Competitive Bid Loan in full, provided that if more than one Bank is affected in a similar manner at any time, then all such similarly affected Banks must be treated the same pursuant to this Section 1.11(b).

(c) If after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by a Bank or its parent with any request or directive made or adopted after the date hereof regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's or its parents' capital or assets as a consequence of such Bank's commitments or obligations hereunder to a level below that which such Bank or its parent could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Bank's or its parent's policies with respect to capital adequacy), then from time to time, within 15 days after demand by such Bank (with a copy to the Payments Administrator), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank or its parent for such reduction. Each Bank, upon determining in good faith

that any additional amounts will be payable pursuant to this Section 1.11(c), will give prompt written notice thereof to the Borrower, which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts, although the failure to give any such notice shall not, subject to Section 1.15, release or diminish any of the Borrower's obligations to pay additional amounts pursuant to this Section 1.11(c) upon receipt of such notice.

1.12 Compensation. The Borrower shall compensate each Bank, upon its written request (which request shall set forth in reasonable detail the basis for requesting such compensation), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Bank to fund its Eurodollar Loans or Competitive Bid Loans but excluding any loss of anticipated profit with respect to such Loans) which such Bank may sustain: (i) if for any reason (other than a default by such Bank or the Payments Administrator) a Borrowing of Eurodollar Loans or Competitive Bid Loans accepted by the Borrower in accordance with Section 1.04(c) (ii) does not occur on a date specified therefor in a Notice of Borrowing, Notice of Competitive Bid Borrowing or Notice of Conversion (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to Section 1.11); (ii) if any repayment or conversion of any of its Eurodollar

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Loans or any repayment of Competitive Bid Loans occurs on a date which is not the last day of an Interest Period applicable thereto; (iii) if any prepayment of any of its Eurodollar Loans is not made on any date specified in a notice of prepayment given by the Borrower; or (iv) as a consequence of (x) any other default by the Borrower to repay its Eurodollar Loans or Competitive Bid Loans when required by the terms of this Agreement or (y) an election made pursuant to Section 1.11(b). Calculation of all amounts payable to a Bank under this Section 1.12 in respect of Eurodollar Loans shall be made as though that Bank had actually funded its relevant Eurodollar Loan through the purchase of a Eurodollar deposit bearing interest at the Eurodollar Rate in an amount equal to the amount of that Loan, having a maturity comparable to the relevant Interest Period and through the transfer of such Eurodollar deposit from an offshore office of that Bank to a domestic office of that Bank in the United States of America; provided however that each Bank may fund each of its Eurodollar Loans in any manner it sees fit and the foregoing assumption shall be utilized only for the calculation of amounts payable under this Section 1.12.

1.13 Change of Lending Office. Each Bank agrees that, upon the occurrence of any event giving rise to the operation of Section 1.11(a) (ii) or (iii), 2.05 or 4.04 with respect to such Bank, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another lending office for any Loans affected by such event, provided that such designation is made on such terms that such Bank and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation

of any such Section. Nothing in this Section 1.13 shall affect or postpone any of the obligations of the Borrower or the right of any Bank provided in Section 1.11, 2.05 or 4.04.

1.14 Replacement of Banks. If (w) any Bank becomes a Non-Continuing Bank, (x) any Bank becomes a Defaulting Bank or otherwise defaults in its obligations to make Loans or fund Unpaid Drawings, (y) any Bank refuses to give timely consent to proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Banks or (z) any Bank is owed increased costs under Section 1.11, Section 2.05 or Section 4.04 which in the judgment of the Borrower are material in amount and which are not otherwise requested generally by the other Banks, the Borrower shall have the right, if no Event of Default then exists and, in the case of a Bank described in clause (z) above, such Bank has not withdrawn its request for such compensation or changed its applicable lending office with the effect of eliminating or substantially decreasing (to a level which in the judgment of the Borrower is not material) such increased cost, to replace such Bank (the "Replaced Bank") with one or more other Eligible Transferee or Transferees (collectively, the "Replacement Bank") reasonably acceptable to the Majority SMA, provided that (i) at the time of any replacement pursuant to this Section 1.14, the Replacement Bank shall enter into one or more Assignment Agreements pursuant to which the Replacement Bank shall acquire all of the Commitment and outstanding Loans of, and participations in Letters of Credit by, the Replaced Bank

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and, in connection therewith, shall pay to (x) the Replaced Bank in respect thereof an amount equal to the sum of (a) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Replaced Bank, (b) an amount equal to such Replaced Bank's Adjusted Percentage of all Unpaid Drawings that have been funded by such Replaced Bank, together with all then unpaid interest with respect thereto at such time and (c) an amount equal to all accrued, but theretofore unpaid, Fees owing to the Replaced Bank pursuant to Section 3.01 and (y) the appropriate Letter of Credit Issuer an amount equal to such Replaced Bank's Adjusted Percentage of any Unpaid Drawing not funded by such Replaced Bank, (ii) all obligations of the Borrower owing to the Replaced Bank (other than those specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Bank concurrently with such replacement, (iii) the Maturity Date applicable to the Replacement Bank's Commitment shall be the Final Maturity Date then in effect and (iv) in the event that such Replaced Bank is a party to the 364 DF Credit Agreement, the Borrower shall also take the actions specified in Section 1.14 of the 364 DF Credit Agreement and replace such Bank as a Bank thereunder. Upon the execution of the respective assignment documentation, the payment of amounts referred to in clauses (i) and (ii) above and, if so requested by the Replacement Bank, delivery to the Replacement Bank of the appropriate Note executed by the Borrower, the Replacement Bank shall become a Bank hereunder and the Replaced Bank shall cease to constitute a Bank

hereunder, except with respect to indemnification provisions under this Agreement, which shall survive as to such Replaced Bank.

1.15 Notice of Certain Costs. Notwithstanding anything in this Agreement to the contrary, to the extent any notice required by Section 1.11 or 2.05 is given by any Bank more than 180 days after the occurrence of the event giving rise to the additional cost, reduction in amounts or other additional amounts of the type described in such Section, such Bank shall not be entitled to compensation under Section 1.11 or Section 2.05, as the case may be, for any such amounts incurred or accruing prior to the giving of such notice to the Borrower.

1.16 Commitment Increases. (a) The Banks hereby acknowledge and agree that the Borrower may at any time prior to the Final Maturity Date, but no more than once during any calendar quarter, increase the Total Commitment under this Agreement, in incremental amounts of \$10,000,000, by an aggregate amount not in excess of \$500,000,000 for all such increases by either requesting a Bank or Banks to increase its Commitment or Commitments (provided that no Bank shall be required to agree to any such increase) or by requesting a financial institution that is an Eligible Transferee to become a party to this Agreement (such institution, a "New Bank"), provided that (i) no Event of Default has occurred and is continuing at the time of any such increase, (ii) the Credit Rating shall be either an Increased Investment Grade Rating or a Maximum Investment Grade Rating at the time of any such increase, (iii) the Borrower shall deliver a notice of

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such increase to the Payments Administrator describing (x) the amount of such increase and the Total Commitment after giving effect to such increase and (y) the Bank(s) or New Bank(s) agreeing to such increase and the amount of each such entity's Commitment after giving effect to such increase, and (iv) the Borrower and each such Bank or New Bank shall deliver an Agreement of Commitment Increase to the Payments Administrator. Any such Total Commitment increase will become effective upon (A) in the case of New Banks only, the payment to the Payments Administrator of a nonrefundable fee of \$2,500 and (B) in all cases, the recording by the Payments Administrator of such addition to the Total Commitment in the Register, the Payments Administrator hereby agreeing to effect such recordation no later than three Business Days after its receipt of an Agreement of Commitment Increase. Upon the effectiveness of any additional Commitment pursuant to this Section 1.16, (x) the New Bank, if any, will become a "Bank" for all purposes of this Agreement and the other Credit Documents with a Commitment as so recorded by the Payments Administrator in the Register and (y) the Borrower shall issue to the respective Bank or New Bank a new Note. The Payments Administrator will prepare on the last Business Day of each calendar quarter during which an increase has become effective pursuant to this Section 1.16 a new Annex I hereto giving effect to all such increases effected during such quarter and will promptly provide same to the Borrower and each of the Banks.

(b) If the Total Commitment is increased pursuant to Section 1.16(a) at a time when Loans are outstanding, then the Borrower shall take all such actions as appropriate to repay and reborrow Loans (but without any obligation to repay Eurodollar Loans other than on the last day of an Interest Period applicable thereto and without regard to the provisions of the first sentence of Section 1.08), so that, as soon as practicable, the outstanding principal amount of the Loans of each Non-Defaulting Bank equals such Bank's Percentage of the aggregate outstanding principal amount of all Loans of all Non-Defaulting Banks.

1.17 Maturity Date Extensions. Prior to (but not less than 60 days nor more than 90 days prior to) each anniversary of the Effective Date, the Borrower may make a written request to the Payments Administrator, who shall forward a copy of each such request to each of the Continuing Banks, that the Final Maturity Date then in effect be extended to the date which is one year after the then Final Maturity Date. Such request shall be accompanied by a certificate of an Authorized Officer of the Borrower stating that, as of the date of such request and as of the date of any such extension of the then Final Maturity Date, no Default or Event of Default has occurred and is continuing. If, by the date (a "Response Date") occurring 30 days prior to any such anniversary of the Effective Date, Continuing Banks holding at least 66-2/3% of the Commitments held by Continuing Banks agree thereto in writing, the Final Maturity Date, and the Maturity Date of each Continuing Bank then consenting, shall be automatically extended to the date which is one year after the then existing Final Maturity Date. In the event that the Borrower has not

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obtained the requisite percentage of Continuing Banks to permit an extension by the relevant Response Date, the Borrower may extend the deadline for obtaining such percentage to the 30th day following such Response Date in order to take such actions, including those contemplated by Section 1.14, with respect to any Bank that is a Non-Continuing Bank after giving effect to such Response Date in order to obtain the requisite percentage of Banks constituting Continuing Banks to permit such extension. The Payments Administrator shall notify the Borrower and each Bank of the effectiveness of any such extension. No Bank shall be obligated to grant any extensions pursuant to this Section 1.17 and any such extension shall be in the sole discretion of each such Bank. A Bank's Maturity Date shall not be so extended pursuant to this Section 1.17 for (x) any Bank that is a Non-Continuing Bank at the time such request for extension is made and (y) any Continuing Bank at the time of such request that has not consented in writing, within the time specified above, to any such request for the extension thereof.

SECTION 2. Letters of Credit.

2.01 Letters of Credit. (a) Subject to and upon the terms and conditions herein set forth, the Borrower, at any time and from time to time on or after the Effective Date and prior to the Final Maturity Date, may request

that a Letter of Credit Issuer issue, for the account of the Borrower and in support of any Permitted Obligations or in support of such other obligations of the Borrower and/or its Subsidiaries as are acceptable to the Majority SMA, on an offering and as available basis, an irrevocable standby letter of credit or letters of credit in such form as may be approved by such Letter of Credit Issuer and the Majority SMA.

(b) Notwithstanding the foregoing: (i) no Letter of Credit shall be issued the Stated Amount of which, when added to the Letter of Credit Outstandings at such time would exceed either (x) \$300,000,000 or (y) when added to the sum of the aggregate principal amount of all Revolving Loans made by Non-Defaulting Banks, all Competitive Bid Loans, all Swingline Loans then outstanding and the Commercial Paper Outstandings at such time, the Adjusted Total Commitment; (ii) each Letter of Credit shall have an expiry date occurring no later than the Business Day next preceding the Final Maturity Date; (iii) each Letter of Credit shall be denominated in U.S. dollars or an Approved Alternate Currency; and (iv) no Letter of Credit shall be issued by a Letter of Credit Issuer after it has received a notice in writing from the Required Banks that one or more of the applicable conditions specified in Section 5.02 are not then satisfied.

2.02 Letter of Credit Requests. Whenever the Borrower desires that a Letter of Credit be issued for its account, it shall give the Payments Administrator and the Letter of Credit Issuer or Letter of Credit Issuers that are to issue same at least five Business Days' (or such lesser number of days as may be agreed to by the relevant Letter of Credit Issuer) written notice thereof. Each notice shall be executed by the Borrower and

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shall be in the form of Exhibit B attached hereto (each a "Letter of Credit Request"). The Payments Administrator shall promptly transmit copies of each Letter of Credit Request to each Bank.

2.03 Letter of Credit Participations. (a) Immediately upon the issuance by a Letter of Credit Issuer of any Letter of Credit, such Letter of Credit Issuer shall be deemed to have sold and transferred to each other Bank (each such other Bank, in its capacity under this Section 2.03, a "Participant"), and each such Participant shall be deemed irrevocably and unconditionally to have purchased and received from such Letter of Credit Issuer, without recourse or warranty, an undivided interest and participation (each a "participation"), to the extent of such Participant's Adjusted Percentage, in such Letter of Credit, each substitute letter of credit, each drawing made thereunder and the obligations of the Borrower under this Agreement with respect thereto, and any security therefor or guaranty pertaining thereto (although Letter of Credit Fees will be paid directly to the Payments Administrator for the ratable account of the Participants as provided in Section 3.01(c) and the Participants shall have no right to receive any portion of any Facing Fees). Upon any change in the Commitments of the Banks pursuant to

Section 1.14, 1.16 or 12.04, the termination of a Commitment of a Non-Continuing Bank or the occurrence of any Bank Default, it is hereby agreed that, with respect to all outstanding Letters of Credit and Unpaid Drawings, there shall be an automatic adjustment to the participations pursuant to this Section 2.03 to reflect the new Adjusted Percentages of the assignor and assignee Bank or of all Non-Defaulting Banks, as the case may be.

(b) In determining whether to pay under any Letter of Credit, the Letter of Credit Issuer issuing same shall have no obligation relative to the Participants other than to confirm that any documents required to be delivered under such Letter of Credit have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by a Letter of Credit Issuer under or in connection with any Letter of Credit issued by it, if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for such Letter of Credit Issuer any resulting liability.

(c) In the event that any Letter of Credit Issuer makes any payment under any Letter of Credit issued by it and the Borrower shall not have reimbursed such amount in full to such Letter of Credit Issuer pursuant to Section 2.04(a), such Letter of Credit Issuer shall promptly notify the Payments Administrator and each Participant of such failure, and each Participant shall promptly and unconditionally pay to the Payments Administrator for the account of such Letter of Credit Issuer, the amount of such Participant's Adjusted Percentage of such unreimbursed payment in lawful money of the United States of America and in same day funds; provided, however that no Participant shall be obligated to pay to the Payments Administrator for the account of such Letter of Credit Issuer its Adjusted Percentage of such unreimbursed amount for any wrongful payment

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made by such Letter of Credit Issuer under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Letter of Credit Issuer. If such Letter of Credit Issuer so notifies, prior to 11:00 A.M. (New York time) on any Business Day, any Participant required to fund a payment under a Letter of Credit, such Participant shall make available to the Payments Administrator for the account of such Letter of Credit Issuer such Participant's Adjusted Percentage of the amount of such payment on such Business Day in same day funds. If and to the extent such Participant shall not have so made its Adjusted Percentage of the amount of such payment available to the Payments Administrator for the account of such Letter of Credit Issuer, such Participant agrees to pay to the Payments Administrator for the account of such Letter of Credit Issuer, forthwith on demand such amount, together with interest thereon for each day from such date until the date such amount is paid to the Payments Administrator for the account of such Letter of Credit Issuer at the overnight Federal Funds Rate. The failure of any Participant to make available to the Payments Administrator for the account of the applicable Letter of Credit Issuer its Adjusted Percentage of any

payment under any Letter of Credit shall not relieve any other Participant of its obligation hereunder to make available to the Payments Administrator for the account of such Letter of Credit Issuer its Adjusted Percentage of any payment under any Letter of Credit on the date required, as specified above, but no Participant shall be responsible for the failure of any other Participant to make available to the Payments Administrator such other Participant's Adjusted Percentage of any such payment.

(d) Whenever any Letter of Credit Issuer receives a payment in respect of an unpaid reimbursement obligation as to which the Payments Administrator has received for the account of such Letter of Credit Issuer any payments from the Participants pursuant to the preceding clause (c), such Letter of Credit Issuer shall pay to the Payments Administrator and the Payments Administrator shall promptly pay to each Participant which has paid its Adjusted Percentage of such reimbursement obligation, in lawful money of the United States of America and in same day funds, an amount equal to such Participant's share (based upon the proportionate aggregate amount originally funded by such Participant to the aggregate amount funded by all Participants) of the principal amount of such reimbursement obligation and interest thereon accruing after the purchase of the respective participations.

(e) The obligations of the Participants to make payments to the Payments Administrator for the account of the Letter of Credit Issuers with respect to Letters of Credit shall be irrevocable and not subject to counterclaim, set-off or other defense or any other qualification or exception whatsoever (except as expressly provided in Section 2.03(c)) and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

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(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Payments Administrator, any Letter of Credit Issuer, any Bank, or other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower and the beneficiary named in any such Letter of Credit);

(iii) any draft, certificate or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents;

(v) the occurrence of any Default or Event of Default; or

(vi) the failure of any condition precedent set forth in Section 5.02 to have been satisfied at the time of the issuance of any Letter of Credit unless the applicable Letter of Credit Issuer shall have received a notice in writing to such effect from the Required Banks pursuant to Section 2.01(b)(iv) prior to the issuance of such Letter of Credit.

2.04 Agreement to Repay Letter of Credit Drawings. (a) The Borrower hereby agrees to reimburse each Letter of Credit Issuer, by making payment to the Payments Administrator in U.S. dollars and immediately available funds at the Payments Administrator's Office, for any payment or disbursement made by such Letter of Credit Issuer under any Letter of Credit issued by it (each such amount so paid until reimbursed, an "Unpaid Drawing") immediately after, and in any event on the date of, notice given by such Letter of Credit Issuer to the Borrower of such payment (which notice each Letter of Credit Issuer hereby agrees to give promptly after the making of any payment or disbursement under a Letter of Credit), with interest on the amount so paid or disbursed by such Letter of Credit Issuer, to the extent not reimbursed prior to 1:00 P.M. (New York time) on the date of such payment or disbursement, from and including the date paid or disbursed to but excluding the date such Letter of Credit Issuer is reimbursed therefor, at a rate per annum which shall be the Reference Rate as in effect from time to time (plus an additional 2% per annum if not reimbursed by the second Business Day following any such notice of payment or disbursement), such interest to be payable on demand. Notwithstanding the

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foregoing, to the extent that a Letter of Credit Issuer of a Letter of Credit denominated in a currency other than U.S. dollars has agreed in writing to such arrangement at the time of the issuance of such Letter of Credit, the Borrower shall reimburse any Drawing thereunder in the currency in which such Letter of Credit is denominated, provided that (x) if any such Drawing is made at a time when there exists an Event of Default or (y) if such reimbursement is not made by the close of business two Business Days after the Borrower has received notice of such Drawing, then, in either such case, such reimbursement shall instead be made in U.S. dollars and in immediately available funds.

(b) The Borrower's obligations under this Section 2.04 to reimburse each Letter of Credit Issuer with respect to Unpaid Drawings (including, in each case, interest thereon) issued by it shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower or any other Person may have or have had against any Bank (including in its capacity as a Letter of Credit Issuer or as a Participant), including, without limitation, any defense based upon the failure

of any drawing under a Letter of Credit (each a "Drawing") to conform to the terms of the Letter of Credit or any non-application or misapplication by the beneficiary of the proceeds of such Drawing, provided that the Borrower shall not be obligated to reimburse the respective Letter of Credit Issuer for any wrongful payment made by such Letter of Credit Issuer under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Letter of Credit Issuer.

2.05 Increased Costs. If after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or actual compliance by any Letter of Credit Issuer or any Participant with any request or directive made or adopted after the date hereof (whether or not having the force of law), by any such authority, central bank or comparable agency shall either (i) impose, modify or make applicable any reserve, deposit, capital adequacy or similar requirement against letters of credit issued by such Letter of Credit Issuer, or such Participant's participation therein, or (ii) impose on any Letter of Credit Issuer or any Participant any other conditions affecting its obligations under this Agreement in respect of Letters of Credit or participations therein or any Letter of Credit or such Participant's participation therein; and the result of any of the foregoing is to increase the cost to such Letter of Credit Issuer or such Participant of issuing, maintaining or participating in any Letter of Credit, or to reduce the amount of any sum received or receivable by such Letter of Credit Issuer or such Participant hereunder in respect of Letters of Credit or participations therein, then, upon demand to the Borrower by such Letter of Credit Issuer or such Participant, as the case may be (a copy of which notice shall be sent by such Letter of Credit Issuer or such Participant to each Senior Managing Agent), the Borrower shall pay to such Letter of Credit Issuer or such Participant such additional amount or amounts as will compensate such Letter of Credit Issuer or such Participant for

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such increased cost or reduction. A certificate submitted to the Borrower by such Letter of Credit Issuer or such Participant, as the case may be (a copy of which certificate shall be sent by such Letter of Credit Issuer or such Participant to each Senior Managing Agent), setting forth in reasonable detail the basis for the determination of such additional amount or amounts necessary to compensate such Letter of Credit Issuer or such Participant as aforesaid shall be conclusive and binding on the Borrower absent manifest error although the failure to deliver any such certificate shall not, subject to Section 1.15, release or diminish any of the Borrower's obligations to pay additional amounts pursuant to this Section 2.05 upon receipt of such certificate.

2.06 Indemnification; Nature of Letter of Credit Issuers' Duties.

(a) In addition to its other obligations under this Section 2, the Borrower hereby agrees to protect, indemnify, pay and save each of the Letter of Credit

Issuers harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees but excluding those taxes excluded from the definition of Taxes pursuant to Section 4.04) that any such Letter of Credit Issuer may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit or (ii) the failure of any Letter of Credit Issuer to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority (all such acts or omissions, herein called "Government Acts").

(b) As between the Borrower and the Letter of Credit Issuers, the Borrower shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. The Letter of Credit Issuers shall not be responsible: (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of a Letter of Credit to comply fully with conditions required in order to draw upon a Letter of Credit; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, facsimile transmission or otherwise, whether or not they be in cipher; (v) for errors in interpretation of technical terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under a Letter of Credit or of the proceeds thereof; and (vii) for any consequences arising from causes beyond the control of the Letter of Credit Issuers, including, without limitation, any Government Acts. None of the above shall affect, impair, or prevent the vesting of any of the Letter of Credit Issuers' rights or powers hereunder.

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(c) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by any Letter of Credit Issuer, under or in connection with any Letter of Credit or the related certificates, if taken or omitted in good faith, shall not put such Letter of Credit Issuer under any resulting liability to the Borrower. It is the intention of the parties that this Agreement shall be construed and applied to protect and indemnify the Letter of Credit Issuers against any and all risks involved in the issuance of the Letters of Credit arising from any present or future Government Acts. The Letter of Credit Issuers shall not, in any way, be liable for any failure by the Letter of Credit Issuers or anyone else to pay any Drawing under any Letter of Credit as a result of any Government Acts or any other cause beyond the control of the Letter of Credit Issuers.

(d) Nothing in this Section 2.06 is intended to limit the reimbursement obligation of the Borrower contained in Section 2.04 hereof. The obligations of the Borrower under this Section 2.06 shall survive the termination of this Agreement. No act or omission of any current or prior beneficiary of a Letter of Credit shall in any way affect or impair the rights of the Letter of Credit Issuers to enforce any right, power or benefit under this Agreement.

(e) Notwithstanding anything to the contrary contained in this Section 2.06, (i) the Borrower shall have no obligation to indemnify any Letter of Credit Issuer in respect of any liability incurred by such Letter of Credit Issuer arising solely out of the gross negligence or willful misconduct of such Letter of Credit Issuer, as determined by a court of competent jurisdiction and (ii) the Borrower shall have a claim against any Letter of Credit Issuer and such Letter of Credit Issuer shall be liable to the Borrower to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the Borrower which the Borrower proves were caused by (x) such Letter of Credit Issuer's willful misconduct or gross negligence in determining whether the documents presented under its Letter of Credit complied with the terms of such Letter of Credit or (y) such Letter of Credit Issuer's willful or grossly negligent failure to pay under its Letter of Credit after presentation to it of a drawing certificate and any other documents strictly complying with the terms and conditions of such Letter of Credit.

SECTION 3. Fees; Commitments.

3.01 Fees. (a) The Borrower agrees to pay the Payments Administrator a facility fee (the "Facility Fee") for the account of each Non-Defaulting Bank for the period from and including the Effective Date to but not including the Final Maturity Date or, if earlier, the date upon which the Total Commitment has been terminated, computed for each day at a rate equal to the Applicable Facility Fee Percentage for such day multiplied by the Commitment of such Bank on such day. Such Facility Fee shall be due

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and payable quarterly in arrears on the 15th day of each January, April, July and October and on the date upon which the Total Commitment is terminated.

(b) The Borrower agrees to pay to the Payments Administrator a utilization fee (the "Utilization Fee") for the account of the Banks pro rata on the basis of their respective Adjusted Percentages, computed for each day during a Utilization Period at a rate equal to the Applicable Utilization Fee Percentage for such day multiplied by the daily average Total Adjusted Utilization Amount for such Utilization Period. Such Utilization Fee shall be due and payable in arrears on the 15th day of the month following the end of each Utilization Period and on the date upon which the Total Commitment is terminated.

(c) The Borrower agrees to pay to the Payments Administrator for the account of the Banks pro rata on the basis of their respective Adjusted Percentages, a fee in respect of each Letter of Credit (the "Letter of Credit Fee") computed for each day at a rate equal to the Applicable Eurodollar Margin for such day multiplied by the then Stated Amount of such Letter of Credit. Such Letter of Credit Fees shall be due and payable quarterly in arrears on the 15th day of each January, April, July and October and on the date upon which the Total Commitment is terminated.

(d) The Borrower agrees to pay to the Payments Administrator for the account of each Letter of Credit Issuer a fee in respect of each Letter of Credit issued by it (the "Facing Fee") computed for each day at a rate equal to the Applicable Facing Fee Percentage for such day multiplied by the average daily Stated Amount of such Letter of Credit. Such Facing Fees shall be due and payable quarterly in arrears on the 15th day of each January, April, July and October and on the date upon which the Total Commitment is terminated.

(e) The Borrower hereby agrees to pay directly to each Letter of Credit Issuer upon each issuance of, drawing under, and/or amendment of, a Letter of Credit issued by such Letter of Credit Issuer such amount as shall at the time of such issuance, drawing or amendment be the administrative charge which such Letter of Credit Issuer is customarily charging for issuances of, drawings under or amendments of, letters of credit issued by such Letter of Credit Issuer.

(f) All computations of Fees shall be made in accordance with Section 12.07(b).

3.02 Voluntary Reduction of Commitments. Upon at least three Business Days' prior written notice (or telephonic notice confirmed in writing) to the Payments Administrator at the Payments Administrator's Office (which notice the Payments Administrator shall promptly transmit to each of the Banks), the Borrower shall have the right, without premium or penalty, to terminate the Total Unutilized Commitment, in part

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or in whole (or, to the extent that at such time there are no Loans outstanding and no Letter of Credit Outstandings, to terminate the Total Commitment, in whole), provided that (x) any such termination shall apply to proportionately and permanently reduce the Commitment of each of the Banks and (y) any partial reduction pursuant to this Section 3.02 shall be in the amount of at least \$50,000,000.

3.03 Mandatory Reduction of Commitments, etc. (a) The Total Commitment and the Total Swingline Commitment (and the Commitment and Swingline Commitment, if any, of each Bank) shall be terminated on the Commitment Termination Date unless the Effective Date has occurred on or before such date.

(b) On the date which is the earlier of (x) 30 days after any date on which a Change of Control occurs and (y) the date on which any Indebtedness of the Borrower in excess of \$100,000,000 individually or \$250,000,000 in the aggregate is required to be repurchased as a result of any such Change of Control, the Total Commitment and Total Swingline Commitment shall be reduced to zero.

(c) The Total Commitment shall terminate on the Final Maturity Date.

(d) The Total Swingline Commitment shall terminate on the Swingline Maturity Date.

(e) Each Bank's Commitment and Swingline Commitment, if any, shall terminate on such Bank's Maturity Date.

SECTION 4. Payments.

4.01 Voluntary Prepayments. The Borrower shall have the right to prepay Revolving Loans and Swingline Loans in whole or in part from time to time on the following terms and conditions: (i) the Borrower shall give the Payments Administrator at the Payments Administrator's Office written notice (or telephonic notice promptly confirmed in writing) of its intent to make such prepayment, the amount of such prepayment and (in the case of Eurodollar Loans) the specific Borrowing(s) pursuant to which made, which notice shall be given by the Borrower no later than (x) in the case of Revolving Loans, 11:00 A.M. (New York time) one Business Day prior to, or (y) in the case of Swingline Loans, 11:00 A.M. (New York time) on the date of such prepayment and shall promptly be transmitted by the Payments Administrator to each of the Banks or Swingline Lenders, as the case may be; (ii) each partial prepayment of any Borrowing shall be in an aggregate principal amount of at least \$25,000,000, provided that no partial prepayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Revolving Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount for Eurodollar Loans; and (iii) each prepayment in respect of any Revolving Loans or

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Swingline Loans made pursuant to a Borrowing shall be applied pro rata among such Revolving Loans or Swingline Loans, provided that at the Borrower's election in connection with any prepayment pursuant to this Section 4.01, such prepayment shall not be applied to any Revolving Loan of a Defaulting Bank at any time when the aggregate amount of Revolving Loans of any Non-Defaulting Bank exceeds such Non-Defaulting Bank's Percentage of all Revolving Loans then outstanding. The Borrower shall not have the right to voluntarily prepay any Competitive Bid Loans.

4.02 Mandatory Prepayments.

(A) Requirements: If on any date the sum of the outstanding

principal amount of Revolving Loans made by Non-Defaulting Banks, Swingline Loans and Competitive Bid Loans and the aggregate amount of Letter of Credit Outstandings and Commercial Paper Outstandings (all the foregoing, collectively, the "Aggregate Outstandings") exceeds the Adjusted Total Commitment as then in effect, the Borrower shall repay on such date the principal of Swingline Loans and, after Swingline Loans have been paid in full, Revolving Loans, in an amount equal to such excess. If, after giving effect to the prepayment of all outstanding Swingline Loans and Revolving Loans, the Aggregate Outstandings exceed the Adjusted Total Commitment then in effect, the Borrower shall pay to the Payments Administrator an amount in cash equal to such excess and the Payments Administrator shall hold such payment as security for the obligations of the Borrower hereunder (including, without limitation, obligations in respect of Letter of Credit Outstandings) pursuant to a cash collateral agreement to be entered into in form and substance satisfactory to the Payments Administrator (which shall permit certain investments in cash equivalents satisfactory to the Payments Administrator, until the proceeds are applied to the secured obligations). If, after giving effect to the prepayment of all outstanding Swingline Loans and Revolving Loans and the cash collateralization of all Letter of Credit Outstandings as set forth above, the remaining Aggregate Outstandings exceed the Adjusted Total Commitment, the Borrower shall repay on such date the principal of Competitive Bid Loans in an aggregate amount equal to such excess, provided that no Competitive Bid Loan shall be prepaid pursuant to this sentence unless the Bank that made same consents to such prepayment. In addition, the Borrower shall repay the Revolving Loans and Swingline Loans, if any, of each Bank on such Bank's Maturity Date.

(B) Application. With respect to each prepayment of Loans required by this Section 4.02, the Borrower may designate the Types of Loans which are to be prepaid and the specific Borrowing(s) pursuant to which made, provided that: (i) if any prepayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Revolving Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount for Eurodollar Loans, such Borrowing shall immediately be converted into Reference Rate Loans; (ii) each prepayment of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans; and (iii) notwithstanding the provisions of the

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preceding clause (ii), no prepayment made pursuant to Section 4.02(A) of Revolving Loans shall be applied to the Revolving Loans of any Defaulting Bank. In the absence of a designation by the Borrower as described in the preceding sentence, the Payments Administrator shall, subject to the above, make such designation in its sole discretion with a view, but no obligation, to minimize breakage costs owing under Section 1.12.

4.03 Method and Place of Payment. (a) Except as otherwise specifically provided herein, all payments under this Agreement shall be made to the Payments Administrator for the ratable account of the Banks entitled thereto, not later than 1:00 P.M. (New York time) on the date when due and shall

be made in immediately available funds and in lawful money of the United States of America at the Payments Administrator's Office, it being understood that written, telex or facsimile transmission notice by the Borrower to the Payments Administrator to make a payment from the funds in the Borrower's account at the Payments Administrator's Office shall constitute the making of such payment to the extent of such funds held in such account. The Payments Administrator will thereafter cause to be distributed on the same day (if payment was actually received by the Payments Administrator prior to 2:00 P.M. (New York time) on such day) like funds relating to the payment of principal or interest or Fees ratably to the Banks entitled thereto. If and to the extent that any such distribution shall not be so made by the Payments Administrator in full on the same day (if payment was actually received by the Payments Administrator prior to 2:00 P.M. (New York time) on such day), the Payments Administrator shall pay to each Bank its ratable amount thereof and each such Bank shall be entitled to receive from the Payments Administrator, upon demand, interest on such amount at the overnight Federal Funds Rate for each day from the date such amount is paid to the Payments Administrator until the date the Payments Administrator pays such amount to such Bank.

(b) Any payments under this Agreement which are made later than 1:00 P.M. (New York time) shall be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension.

4.04 Net Payments. (a) All payments made by the Borrower hereunder will be made without setoff or counterclaim. The Borrower will pay, prior to the date on which penalties attach thereto, all present and future income, stamp and other taxes, levies, or costs and charges whatsoever imposed, assessed, levied or collected on or in respect of a Loan and/or the recording, registration, notarization or other formalization thereof and/or any payments of principal, interest or other amounts made on or in respect of a Loan (all such taxes, levies, costs and charges being herein collectively called "Taxes"; provided that Taxes shall not include taxes imposed on or measured by the overall net income of that

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Bank (or any alternative tax imposed generally by any relevant jurisdiction in lieu of a tax on net income) by the United States of America or any political subdivision or taxing authority thereof or therein, taxes imposed under Section 884 of the Code or taxes on or measured by the overall net income (or any alternative tax imposed generally by any relevant jurisdiction in lieu of a tax on net income) of that Bank or any foreign office, branch or subsidiary of that Bank by any foreign country or subdivision thereof in which that Bank or that office, branch or subsidiary is doing business). The Borrower shall also pay such additional amounts equal to increases in taxes payable by that Bank

described in the foregoing proviso which increases are attributable to payments made by the Borrower described in the immediately preceding sentence of this Section. Promptly after the date on which payment of any such Tax is due pursuant to applicable law, the Borrower will, at the request of that Bank, furnish to that Bank evidence, in form and substance satisfactory to that Bank, that the Borrower has met its obligation under this Section 4.04. The Borrower will indemnify each Bank against, and reimburse each Bank on demand for, any Taxes, as determined by that Bank in its good faith and reasonable discretion. Such Bank shall provide the Borrower with appropriate receipts for any payments or reimbursements made by the Borrower pursuant to this Section 4.04.

(b) Each Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes agrees to provide to the Borrower on or prior to the Effective Date, or in the case of a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.14 or Section 12.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or transfer and such Bank is in compliance with the provisions of this Section 4.04(b)), on the date of such assignment or transfer to such Bank, two accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001 (or successor forms) certifying to such Bank's entitlement to a complete exemption from United States withholding tax with respect to payments to be made under this Agreement or any Note. Each Bank that is a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, but that is not a corporation (as such term is defined in Section 7701(a)(3) of the Code) for such purposes, agrees to provide to the Borrower on or prior to the Effective Date, or in the case of a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.14 or Section 12.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or transfer and such Bank is in compliance with the provisions of this Section 4.04(b)), on the date of such assignment to such Bank, two accurate and complete original signed copies of Internal Revenue Service Form W-9 (or successor form). In addition, each such Bank agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Borrower two new accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such

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Bank to a continued exemption from United States withholding tax with respect to payments under this Agreement or any Note, or it shall immediately notify the Borrower and the Administrative Agent of its inability to deliver any such form. Notwithstanding anything to the contrary contained in Section 4.04(a), (x) the Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold income or other similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from

interest, fees or other amounts payable hereunder for the account of any Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for United States federal income tax purposes and which has not provided to the Borrower such forms that establish a complete exemption from such deduction or withholding and (y) the Borrower shall not be obligated pursuant to Section 4.04(a) to pay a Bank in respect of income or similar taxes imposed by the United States or any additional amounts with respect thereto if such Bank has not provided to the Borrower the Internal Revenue Service forms required to be provided to the Borrower pursuant to this Section 4.04(b).

SECTION 5. Conditions.

5.01 Conditions Precedent to the Effective Date. This Agreement shall be effective on the date (the "Effective Date") which is the date on which the following conditions shall have been satisfied:

(a) Execution of Agreement. Each of Holdings, the Borrower and each of the Banks shall have signed a copy of this Agreement (whether the same or different copies) and shall have delivered same to the Payments Administrator or, in the case of the Banks, shall have given to the Payments Administrator telephonic (confirmed in writing), written, telex or facsimile notice (actually received) at such office that the same has been signed and mailed to it.

(b) Notes; Effectiveness of 364 DF Credit Agreement. On the Effective Date, (i) there shall have been delivered to the Payments Administrator for the account of each Bank the appropriate Note or Notes executed by the Borrower in the amount, maturity and as otherwise provided herein and (ii) the Effective Date under, and as defined in, the 364 DF Credit Agreement shall have occurred.

(c) Officer's Certificate. On the Effective Date, the Payments Administrator shall have received certificates dated such date signed by an appropriate officer of each of Holdings and the Borrower stating that all of the applicable conditions set forth in Sections 5.01(b), (g) and (i) and 5.02 exist as of such date.

(d) Opinions of Counsel. On the Effective Date, the Payments Administrator shall have received an opinion, or opinions, in form and substance satisfactory to each Senior Managing Agent, addressed to each of the Banks and dated the

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Effective Date, from (i) James A. Kirkman III, Esq., General Counsel of Holdings and the Borrower, which opinion shall cover the matters contained in Exhibit C-1 hereto and (ii) White & Case, special counsel to the Banks, which opinion shall cover the matters contained in Exhibit C-2 hereto, together with such other opinions covering such matters as the Senior Managing Agents shall reasonably request, from counsel, and in form and substance, satisfactory to the Senior

(e) Corporate Proceedings. On the Effective Date, all corporate and legal proceedings and all instruments and agreements in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be satisfactory in form and substance to each Senior Managing Agent, and the Payments Administrator shall have received all information and copies of all certificates, documents and papers, including records of corporate proceedings and governmental approvals, if any, which any Senior Managing Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

(f) Organizational Documentation, etc. On the Effective Date, the Banks shall have received copies of the Certificate of Incorporation and By-Laws of each Credit Party, certified as true and complete by an appropriate corporate officer or governmental authority.

(g) Adverse Change, etc. On the Effective Date, (i) nothing shall have occurred which has a material adverse effect on the ability of either Credit Party to perform its obligations to the Banks and (ii) there shall have been no material adverse change in the operations, business, property, assets or financial condition of Holdings and its Subsidiaries taken as a whole from that of Holdings and its Subsidiaries taken as a whole on December 31, 1995. The 1996 Restructuring Charge shall not be deemed to constitute a material adverse change.

(h) Litigation. On the Effective Date, except as set forth in Annex IV, there shall be no actions, suits or proceedings pending or threatened with respect to Holdings or any of its Subsidiaries that (i) are reasonably likely to have a material adverse effect on the business, properties, assets, operations, financial condition or prospects of Holdings and its Subsidiaries taken as a whole or (ii) are reasonably likely to have a material adverse effect on the rights or remedies of the Banks or on the ability of either Credit Party to perform its obligations to the Banks hereunder or under any other Credit Document.

(i) Termination of the Existing Credit Agreements. On the Effective Date and concurrently with the incurrence of Loans on such date, the total commitments under the Existing Credit Agreements shall have been terminated, and all loans thereunder shall

have been repaid in full, together with interest thereon, and all other amounts owing pursuant to the Existing Credit Agreements shall have been repaid in full and the Existing Credit Agreements shall have been terminated and be of no further force or effect (except as to indemnities contained therein which survive the termination of the Existing Credit Agreements in accordance with the terms thereof).

5.02 Conditions Precedent to Each Credit Event. The obligation of each Bank to make any Loans (other than pursuant to a Mandatory Borrowing), and the obligation of each Letter of Credit Issuer to issue Letters of Credit, is subject, at the time of the making of each such Loan and/or the issuance of each such Letter of Credit (except as otherwise hereinafter indicated), to the satisfaction of the following conditions at such time:

(a) Effectiveness. The Effective Date shall have occurred.

(b) No Default; Representations and Warranties At the time of each Credit Event and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein or in the other Credit Documents (other than, in the case of a CP Refinancing Borrowing, in Section 6.04 and the last sentence of Section 6.09) shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Credit Event.

(c) Notice of Borrowing, etc. (i) Prior to the making of each Revolving Loan and each Swingline Loan, the Payments Administrator shall have received a Notice of Borrowing satisfying the requirements of Section 1.03, (ii) prior to the issuance of each Letter of Credit, the Payments Administrator and the Letter of Credit Issuer that is to issue same shall have received a Letter of Credit Request satisfying the requirements of Section 2.02 and (iii) prior to the making of each Competitive Bid Loan, the Payments Administrator shall have received a Notice of Competitive Bid Borrowing satisfying the requirements of Section 1.04(a).

The acceptance of the benefits of each Credit Event shall constitute a representation and warranty by each Credit Party to each of the Banks that all of the applicable conditions specified above exist as of that time. All of the certificates, legal opinions and other documents and papers referred to in Section 5.01, unless otherwise specified, shall be delivered to the Payments Administrator at the Payments Administrator's Office for the account of each of the Banks and, except for the Notes, in sufficient counterparts for each of the Banks and shall be satisfactory in form and substance to each Senior Managing Agent.

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SECTION 6. Representations, Warranties and Agreements. In order to induce the Banks to enter into this Agreement, to make the Loans and issue or participate in Letters of Credit as provided for herein, each of Holdings and the Borrower makes the following representations and warranties to and agreements with the Banks, all of which shall survive the execution and delivery of this Agreement and the making of the Loans and the issuance of the Letters of Credit (with the occurrence of each Credit Event being deemed to constitute a representation and warranty that the matters specified in this Section 6,

subject to the exceptions set forth in Section 5.02, are true and correct in all material respects on and as of the date hereof and as of the date of each such Credit Event unless such representation and warranty expressly indicates that it is being made as of any specific date):

6.01 Corporate Status. Each of Holdings and each of its Material Subsidiaries (i) is a duly organized and validly existing corporation or other entity in good standing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact the business in which it is engaged and (ii) has duly qualified and is authorized to do business and is in good standing in all jurisdictions where it is required to be so qualified and where the failure to be so qualified would have a material adverse effect on the operations, business, properties, assets or financial condition of Holdings and its Subsidiaries taken as a whole.

6.02 Corporate Power and Authority. Each Credit Party has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of the Credit Documents. Each Credit Party has duly executed and delivered each Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of such Person enforceable in accordance with its terms.

6.03 No Violation. Neither the execution, delivery and performance by either Credit Party of the Credit Documents to which it is a party (including, without limitation, the incurrence of Loans by the Borrower hereunder) nor compliance with the terms and provisions thereof, nor the consummation of the transactions contemplated therein (i) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of Holdings or any of its Subsidiaries pursuant to the terms of any material indenture, mortgage, deed of trust, agreement or other instrument to which Holdings or any of its Subsidiaries is a party

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or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the charter or By-Laws of Holdings or any of its Subsidiaries.

6.04 Litigation. Except as set forth on Annex IV, there are no actions, suits or proceedings pending or threatened with respect to Holdings or any of its Subsidiaries (i) that are reasonably likely to have a material

adverse effect on the business, properties, assets, operations, financial condition or prospects of Holdings and its Subsidiaries taken as a whole or (ii) that are reasonably likely to have a material adverse effect on the rights or remedies of the Banks or on the ability of either Credit Party to perform its obligations to them hereunder and under the other Credit Documents to which it is a party.

6.05 Use of Proceeds; Margin Regulations. (a) The proceeds of all Loans shall be utilized by the Borrower (i) to refinance all outstandings under the Existing Credit Agreements and (ii) for general corporate purposes of Holdings and/or its Subsidiaries (including, without limitation, the refinancing of Indebtedness and financing acquisitions). The proceeds of CP Refinancing Borrowings may only be utilized to pay when due Commercial Paper Outstandings.

(b) Neither the making of any Loan hereunder, nor the use of the proceeds thereof, will violate or be inconsistent with the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System. At the time of each Credit Event, not more than 25% of the value of the assets of the Borrower or Holdings and its Subsidiaries on a consolidated basis subject to the restrictions contained in Sections 8.02 and 8.03 will constitute Margin Stock. Notwithstanding the foregoing provisions of this Section 6.05, no proceeds of any Loan will be utilized to purchase any Margin Stock in a transaction, or as part of a series of transactions, the result of which is the ownership by Holdings and/or its Subsidiaries (including, without limitation, the Borrower) of 5% or more of the capital stock of a corporation unless the Board of Directors of such corporation has approved such transaction prior to any public announcement of the purchase, or the intent to purchase, any such Margin Stock.

6.06 Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any foreign or domestic governmental or public body or authority, or any subdivision thereof, is required to authorize or is required in connection with (i) the execution, delivery and performance of any Credit Document or (ii) the legality, validity, binding effect or enforceability of any Credit Document.

6.07 Investment Company Act. Neither Holdings nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

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6.08 True and Complete Disclosure. All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of either Credit Party or any of its Subsidiaries in writing to any Senior Managing Agent or any Bank for purposes of or in connection with this Agreement or any transaction contemplated herein is, and all other such factual information

(taken as a whole) hereafter furnished by or on behalf of such Persons in writing to any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

6.09 Financial Condition; Financial Statements. The consolidated balance sheet of each of Holdings and its Subsidiaries and the Borrower and its Subsidiaries at December 31, 1995 and the related consolidated statements of income and cash flows for the fiscal year ended as of said date, which statements have been examined by Deloitte & Touche, independent certified public accountants, who delivered an unqualified opinion in respect thereof, copies of which have heretofore been furnished to each Bank, present fairly the consolidated financial position of each of Holdings and the Borrower, as the case may be, at the date of said statements and the results of operations for the period covered thereby. All such financial statements have been prepared in accordance with GAAP consistently applied except to the extent provided in the notes to said financial statements. There has been no material adverse change in the operations, business, property, assets or financial condition of Holdings and its Subsidiaries taken as a whole or of the Borrower and its Subsidiaries taken as a whole from that of Holdings and its Subsidiaries or the Borrower and its Subsidiaries, as the case may be, on December 31, 1995.

6.10 Tax Returns and Payments. Each of Holdings and its Subsidiaries has filed all federal income tax returns and all other material tax returns, domestic and foreign, required to be filed by it and has paid all material taxes and assessments payable by it which have become due, other than those not yet delinquent, those contested in good faith and those for which RJRN is indemnifying Holdings pursuant to the Tax Sharing Agreement. Holdings and each of its Subsidiaries have paid, or have provided adequate reserves (in the good faith judgment of the management of Holdings) for the payment of, all federal, state and foreign income taxes applicable for all prior fiscal years and for the current fiscal year to the date hereof.

6.11 Compliance with ERISA. Each Plan is in substantial compliance with ERISA and the Code; no Reportable Event has occurred with respect to any Plan; no Plan is insolvent or in reorganization, no Plan has an Unfunded Current Liability, and no Plan has an accumulated or waived funding deficiency or permitted decreases in its funding standard account within the meaning of Section 412 of the Code; neither Holdings, any Subsidiary nor any ERISA Affiliate has incurred any material liability to or on account of

a Plan pursuant to Section 409, 502(i), 502(1), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code; no proceedings have been instituted to terminate any Plan; no condition exists which presents a material risk to Holdings or any Subsidiary of incurring a liability to or on

account of a Plan pursuant to the foregoing provisions of ERISA and the Code, except to the extent that all events described in the preceding clauses of this Section 6.11 and then in existence would not, in the aggregate, be likely to have a material adverse effect on the business, operations or financial condition of Holdings and its Subsidiaries taken as a whole. With respect to Plans that are multi-employer plans (within the meaning of Section 3(37) of ERISA) and Plans which are not currently maintained or contributed to by Holdings, any Subsidiary or any ERISA Affiliate, the representations and warranties in this Section are made to the best knowledge of Holdings.

6.12 Subsidiaries. Annex III hereto lists each Material Subsidiary of Holdings (and the direct and indirect ownership interest of Holdings therein), in each case existing on the Effective Date. All ownership percentages referred to in Annex III are calculated without regard to directors' or nominees' qualifying shares.

6.13 Patents, etc. Holdings and each of its Subsidiaries have obtained all material patents, trademarks, servicemarks, trade names, copyrights, licenses and other rights, free from burdensome restrictions, that are necessary for the operation of their respective businesses as presently conducted and as proposed to be conducted.

6.14 Pollution and Other Regulations. Holdings and each of its Subsidiaries are in material compliance with all material laws and regulations relating to pollution and environmental control, equal employment opportunity and employee safety in all domestic jurisdictions in which Holdings and each of its Subsidiaries is presently doing business, and Holdings will comply and cause each of its Subsidiaries to comply with all such laws and regulations which may be imposed in the future in jurisdictions in which Holdings or such Subsidiary may then be doing business other than in each case those the non-compliance with which would not have a material adverse effect on the business, assets, properties or financial condition of Holdings and its Subsidiaries taken as a whole.

6.15 Properties. Holdings and each of its Subsidiaries have good title to all properties owned by Holdings or such Subsidiary and a valid leasehold interest in all properties leased by Holdings or such Subsidiary, in each case, that are necessary for the operation of their respective businesses as presently conducted and as proposed to be conducted, free and clear of all Liens, other than as permitted by this Agreement.

SECTION 7. Affirmative Covenants. Holdings hereby covenants and agrees that on the Effective Date and thereafter, for so long as this Agreement is in effect and until the Commitments and each Letter of Credit have terminated and the Loans and

hereunder, are paid in full:

7.01 Information Covenants. Holdings will furnish to each Bank:

(a) Annual Financial Statements. As soon as available and in any event within 100 days after the close of each fiscal year of Holdings, to the extent prepared to comply with SEC requirements, a copy of the SEC Form 10-Ks filed by Holdings and the Borrower with the SEC for such fiscal year, or, if no such Form 10-K was so filed by Holdings and the Borrower for such fiscal year, the consolidated balance sheet of Holdings and its Subsidiaries and of the Borrower and its Subsidiaries, as at the end of such fiscal year and the related consolidated statements of income and retained earnings and of cash flows for such fiscal year, setting forth comparative consolidated figures as of the end of and for the preceding fiscal year, and examined by independent certified public accountants of recognized national standing whose opinion shall not be qualified as to the scope of audit or as to the status of Holdings or the Borrower or any of their respective Subsidiaries as a going concern, together in any event with a certificate of such accounting firm stating that in the course of its regular audit of the business of Holdings and the Borrower, which audit was conducted in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge of any Default or Event of Default which has occurred and is continuing or, if in the opinion of such accounting firm such a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof.

(b) Quarterly Financial Statements. As soon as available and in any event within 55 days after the close of each of the first three quarterly accounting periods in each fiscal year of Holdings, to the extent prepared to comply with SEC requirements, a copy of the SEC Form 10-Qs filed by Holdings and the Borrower with the SEC for each such quarterly period, or, if no such Form 10-Q was so filed by Holdings and the Borrower with respect to any such quarterly period, the consolidated balance sheet of Holdings and its Subsidiaries and of the Borrower and its Subsidiaries, as at the end of such quarterly period and the related consolidated statements of income for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and the related consolidated statement of cash flows for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and in each case setting forth comparative consolidated figures as of the end of and for the related periods in the prior fiscal year or, in the case of such consolidated balance sheet, for the last day of the prior fiscal year, all of which shall be certified by the Chief Financial Officer, Controller, Chief Accounting Officer or other Authorized Officer of Holdings or

the Borrower, as the case may be, subject to changes resulting from audit

and normal year-end audit adjustments.

(c) Officer's Certificates. At the time of the delivery of the financial statements provided for in Section 7.01(a) and (b), a certificate of the Chief Financial Officer, Controller, Treasurer, Chief Accounting Officer or other Authorized Officer of Holdings to the effect that no Default or Event of Default exists or, if any Default or Event of Default does exist, specifying the nature and extent thereof, which certificate shall set forth the calculations required to establish whether Holdings and its Subsidiaries were in compliance with the provisions of Sections 8.03(e), 8.04(i), 8.05, 8.07, 8.08 and 8.09 as at the end of such fiscal period or year, as the case may be.

(d) Notice of Default or Litigation. Promptly, and in any event within three Business Days after any senior financial or legal officer of either Credit Party obtains knowledge thereof, notice of (x) the occurrence of any event which constitutes a Default or Event of Default which notice shall specify the nature thereof, the period of existence thereof and what action Holdings proposes to take with respect thereto and (y) any litigation or governmental proceeding pending against or affecting Holdings or any of its Subsidiaries which is likely to have a material adverse effect on the business, properties, assets, financial condition or prospects of Holdings and its Subsidiaries taken as a whole or the ability of either Credit Party to perform its obligations hereunder or under any other Credit Document.

(e) Credit Rating Changes. Promptly after any senior financial or legal officer of either Credit Party obtains knowledge thereof, notice of any change in the Applicable Credit Rating assigned by either Rating Agency.

(f) Other Information. Promptly upon transmission thereof, copies of any filings and registrations with, and reports to, the Securities and Exchange Commission or any successor thereto (the "SEC") by Holdings, the Borrower or any of their respective Subsidiaries (other than amendments to any registration statement (to the extent such registration statement, in the form it becomes effective, is delivered to the Banks), exhibits to any registration statement and any registration statements on Form S-8) and copies of all financial statements, proxy statements, notices and reports that Holdings, the Borrower or any of their respective Subsidiaries shall send to analysts or the holders of any publicly issued debt of Holdings and/or any of its Subsidiaries in their capacity as such holders (in each case to the extent not theretofore delivered to the Banks pursuant to this Agreement) and, with reasonable promptness, such other information or documents (financial or otherwise) as any Senior Managing Agent on its own behalf or on behalf of the Required Banks may reasonably request from time to time.

7.02 Books, Records and Inspections. Holdings will, and will cause each of its Subsidiaries to, permit, upon reasonable notice to the Chief Financial Officer, Controller or any other Authorized Officer of the Borrower, officers and designated representatives of any Senior Managing Agent or the Required Banks to visit and inspect any of the properties or assets of Holdings and any of its Subsidiaries in whomsoever's possession, and to examine the books of account of Holdings and any of its Subsidiaries and discuss the affairs, finances and accounts of Holdings and of any of its Subsidiaries with, and be advised as to the same by, its and their officers and independent accountants, all at such reasonable times and intervals and to such reasonable extent as any Senior Managing Agent or the Required Banks may desire.

7.03 Insurance. Holdings will, and will cause each of its Subsidiaries to, at all times be covered by or maintain in full force and effect insurance in such amounts, covering such risks and liabilities and with such deductibles or self-insured retentions as are in accordance with normal industry practice.

7.04 Payment of Taxes. Holdings will pay and discharge, and will cause each of its Subsidiaries to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which material penalties attach thereto, and all lawful claims which, if unpaid, might become a Lien or charge upon any properties of Holdings or any of its Subsidiaries, provided that neither Holdings nor any Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings if it has maintained adequate reserves (in the good faith judgment of the management of Holdings) with respect thereto in accordance with GAAP.

7.05 Consolidated Corporate Franchises. Holdings will do, and will cause each of its Material Subsidiaries to do, or cause to be done, all things necessary to preserve and keep in full force and effect its existence, rights and authority, provided that any transaction permitted by Section 8.02 will not constitute a breach of this Section 7.05.

7.06 Compliance with Statutes, etc. Holdings will, and will cause each Subsidiary to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls) other than those the non-compliance with which would not have a material adverse effect on the business, properties, assets or financial condition of Holdings and its Subsidiaries taken as a whole or on the ability of either Credit Party to perform its obligations under any Credit Document.

7.07 ERISA. As soon as possible and, in any event, within 10 days after Holdings or any Subsidiary knows or has reason to know of the occurrence of any of the following, Holdings will deliver to each of the Banks a certificate of the Chief Financial Officer, Treasurer or Controller of Holdings setting forth details as to such occurrence and the action, if any, which Holdings, such Subsidiary or an ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by Holdings, such Subsidiary, such ERISA Affiliate, the PBGC, a Plan participant (other than notices relating to an individual participant's benefits) or the Plan administrator with respect thereto: that a Reportable Event has occurred, that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan, that a Plan which has an Unfunded Current Liability has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA, that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA or the Code, that proceedings may be or have been instituted to terminate a Plan which has an Unfunded Current Liability, that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan, or that Holdings, any Subsidiary or any ERISA Affiliate will or may incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or with respect to a Plan under Section 4971 or 4975 of the Code or Section 409 or 502(i) or 502(l) of ERISA. Upon request of a Bank, Holdings will deliver to such Bank a complete copy of the annual report (Form 5500) of each Plan required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to the Banks pursuant to the first sentence hereof, copies of any notices received by Holdings or any Subsidiary shall be delivered to the Banks no later than 10 days after the later of the date such notice has been filed with the Internal Revenue Service or the PBGC, given to Plan participants (other than notices relating to an individual participant's benefits) or received by Holdings or such Subsidiary.

7.08 Good Repair. Holdings will, and will cause each of its Subsidiaries to, ensure that its properties and equipment used or useful in its business in whomsoever's possession they may be, are kept in good repair, working order and condition, normal wear and tear excepted, and that from time to time there are made in such properties and equipment all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, to the extent and in the manner customary for companies in similar businesses.

7.09 End of Fiscal Years; Fiscal Quarters. Holdings will, for financial reporting purposes, cause (i) each of its and the Borrower's fiscal years to end on December 31 of each year, (ii) each of its and the Borrower's fiscal quarters to end on

March 31, June 30, September 30 and December 31 of each year and (iii) each of the Subsidiaries of the Borrower to maintain the accounting periods maintained by such Subsidiary on the Effective Date, consistent with the past practice and procedures of each such Subsidiary, provided that any of the foregoing fiscal or reporting periods may be changed if (x) Holdings gives the Banks 30 days' prior written notice of such proposed change and (y) prior to effecting such change Holdings and the Majority SMA shall have agreed upon adjustments, if any, to Sections 8.03(e), 8.04(i), 8.05, 8.07, 8.08 and 8.09 (and the definitions used therein) the sole purpose of which shall be to give effect to the proposed change in fiscal or accounting periods (it being understood and agreed that to the extent that Holdings and the Majority SMA cannot agree on appropriate adjustments to such Sections (or that no adjustments are necessary), the proposed change may not be effected).

7.10 Commercial Paper and Competitive Bid Loan Outstandings. On the date of the delivery by the Borrower of any Notice of Borrowing, Notice of Competitive Bid Borrowing or Letter of Credit Request at any time when the Borrower shall have knowledge that a mandatory prepayment is required pursuant to Section 4.02(A) (a) of this Agreement and, in any event, on the last Business Day of each fiscal quarter of the Borrower, the Borrower will furnish to the Payments Administrator (with an information copy to each of the other Senior Managing Agents) a statement setting forth the aggregate amount of Commercial Paper Outstandings and the aggregate outstanding principal amount of Competitive Bid Loans at such time.

SECTION 8. Negative Covenants. Holdings hereby covenants and agrees that on the Effective Date and thereafter, for so long as this Agreement is in effect and until the Commitments and each Letter of Credit have terminated and the Loans and Unpaid Drawings, together with interest, Fees and all other Obligations incurred hereunder, are paid in full:

8.01 Changes in Business. Except as otherwise permitted by Section 8.02, Holdings and its Subsidiaries, taken as a whole, will not substantively alter the character of their business from that conducted by Holdings and its Subsidiaries taken as a whole at the Effective Date.

8.02 Consolidation, Merger, Sale of Assets, etc. Holdings will not, and will not permit any Subsidiary to, wind up, liquidate or dissolve its affairs, or enter into any transaction of merger or consolidation, sell or otherwise dispose of all or a substantial part of its property or assets or agree to do any of the foregoing at any future time, except that any Subsidiary of Holdings may be merged or consolidated with or into, or be liquidated into, any Person (including Holdings, but only if the Borrower has first merged into or consolidated with Holdings) and any such Subsidiary may convey, lease, sell or transfer all or any part of its business, properties and assets to any such Person, provided that in the event of a merger, consolidation or liquidation of the Borrower with or into any

such Person, the surviving corporation, if not the Borrower, shall execute and deliver agreements assuming the obligations of the Borrower under this Agreement and the Notes, which assumption agreements and all related actions and documentation shall be in form and substance satisfactory to the Senior Managing Agents; provided further that if any of the foregoing transactions involves a Material Subsidiary, after giving effect to such transaction, no Event of Default would result therefrom. Notwithstanding anything to the contrary contained in this Section 8.02, no Restricted Sale shall be permitted.

8.03 Liens. Holdings will not, and will not permit any of its Subsidiaries to, (x) create, incur, assume or suffer to exist any Lien in respect of Indebtedness upon any property or assets of any kind (real or personal, tangible or intangible) of Holdings or any such Subsidiary whether now owned or hereafter acquired or (y) assign any right to receive income as security for the payment of Indebtedness, except:

(a) Liens existing on the Effective Date securing Indebtedness outstanding on the Effective Date in an aggregate principal amount not exceeding \$150,000,000 and Liens securing extensions, renewals or refinancings of any of the Indebtedness referred to in this clause (a) to the extent that any such Indebtedness (x) is not increased from that outstanding at the time of any such extension, renewal or refinancing and (y) is not secured by Liens on any additional assets;

(b) Liens encumbering customary initial deposits and margin deposits, and other Liens incurred in the ordinary course of business and which are within the general parameters customary in the industry, securing obligations under Permitted Commodities Agreements;

(c) Liens securing reimbursement obligations of the Borrower and its Subsidiaries with respect to trade letters of credit incurred in the ordinary course of business, which are to be repaid in full not more than one year after the date originally incurred to finance the purchase of goods by the Borrower or any of its Subsidiaries, provided that such Liens shall attach only to documents or other property relating to such letters of credit and the products and proceeds thereof;

(d) Liens (x) arising pursuant to purchase money mortgages securing Indebtedness (and any extensions, renewals or refinancings of such Indebtedness to the extent not increasing the outstanding principal amount thereof), representing the purchase price (or financing of the purchase price within 180 days after the respective purchase) of assets acquired after the Effective Date, provided that (i) any such Liens attach only to the assets so purchased and (ii) the Indebtedness (including any such permitted extensions, renewals or refinancings) secured by any such Lien does not exceed 100%, nor is less than 70%, of the purchase price of the

property being purchased and (y) existing on specific tangible assets at the time

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acquired by Holdings or any of its Subsidiaries or on assets of a Person at the time such Person first becomes a Subsidiary (together with Liens securing any extensions, renewals or refinancings of the Indebtedness secured thereby to the extent not increasing the outstanding principal amount thereof), provided that (i) any such Liens were not created at the time of or in contemplation of the acquisition of such assets or Person by Holdings and/or its Subsidiaries, (ii) in the case of any such acquisition of a Person, any such Lien attaches only to a specific tangible asset of such Person and not assets of such Person generally and (iii) the Indebtedness secured by any such Lien does not exceed 100% of the fair market value of the asset to which such Lien attaches, determined at the time of the acquisition of such asset or at the time such Person first becomes a Subsidiary, as the case may be; and

(e) Liens and assignments not otherwise permitted by the foregoing clauses (a) through (d) securing any Indebtedness of Holdings and/or its Subsidiaries, provided that the aggregate principal amount of Indebtedness on a consolidated basis secured by Liens permitted by this clause (e) shall not exceed an amount equal to 7-1/2% of Consolidated Net Worth at any time.

8.04 Indebtedness. Holdings will not permit any of its Subsidiaries (other than the Borrower) to, contract, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Specified Permitted Existing Debt and any extensions, renewals or refinancings of any of the Indebtedness referred to in this clause (a), either by the original obligor thereunder or by another Subsidiary to the extent that such Indebtedness is not increased from that outstanding at the time of any such extension, renewal or refinancing;

(b) Obligations under letters of credit described in Section 8.03(c);

(c) Indebtedness in respect of Permitted Currency Agreements and Permitted Commodities Agreements;

(d) Obligations of Subsidiaries of the Borrower under letters of credit incurred in the ordinary course of business in connection with the purchase of products or goods for use in the day-to-day operations of the Borrower and its Subsidiaries consistent with the Borrower's past practices or then current industry practices;

(e) Indebtedness secured by Liens permitted by Section 8.03(d);

(f) (i) Indebtedness owing by any such Subsidiary to Holdings or any Wholly-Owned Subsidiary of Holdings and (ii) Indebtedness of any such Subsidiary (x) consisting of Contingent Obligations in respect of, or (y) constituting reimbursement obligations under letters of credit issued in support of, obligations of any Subsidiary of Holdings (other than the Borrower) to the extent such other obligations are permitted by this Agreement;

(g) Indebtedness of any such Subsidiary in any manner guaranteeing or intended to guarantee, whether directly or indirectly, any leases, dividends or other monetary obligations of any Person in which such Subsidiary has an ownership interest, provided that the aggregate maximum stated or determinable amount (or, if not stated or determinable, the maximum reasonably anticipated liability in respect of such Indebtedness as determined in good faith by such Subsidiary) of all Indebtedness permitted pursuant to this clause (g) shall not exceed at any time an amount in excess of \$150,000,000;

(h) Indebtedness of any such Subsidiary with respect to which neither Holdings nor the Borrower (i) is a co-obligor or (ii) has any Contingent Obligation; and

(i) Indebtedness not otherwise permitted by the foregoing clauses (a) through (h), provided that the aggregate outstanding principal amount of Indebtedness on a consolidated basis incurred pursuant to this clause (i) shall not exceed an amount equal to the sum of (x) \$250,000,000 plus (y) 7-1/2% of Consolidated Net Worth at any time.

8.05 Limitation on Restricted Payments. Neither Holdings nor the Borrower will (A) declare or pay any dividends in respect of its capital stock (other than dividends payable solely in its common stock and all dividends, whether in cash or in kind, on any preferred stock) or return any capital to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any class of its capital stock now or hereafter outstanding (or any warrants for or options or stock appreciation rights in respect of any of such shares), or set aside any funds for any of the foregoing purposes, or permit any of its Subsidiaries to purchase or otherwise acquire for consideration any shares of any class of the capital stock of Holdings or the Borrower now or hereafter outstanding (or any options or warrants or stock appreciation rights issued by Holdings or the Borrower with respect to its capital stock) (all of the foregoing "Dividends"), or (B) purchase or otherwise acquire for consideration any shares of any class of the capital stock of any RJRN Entity (now or hereafter outstanding) (or any options or warrants or stock appreciation rights issued by any RJRN Entity with respect to its capital stock) or permit any of

its Subsidiaries to do any of the foregoing or (C) make

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any loan or advance to, or investment in, any RJRN Entity, or permit any of its Subsidiaries to do any of the foregoing (all of clauses (A), (B) and (C), collectively, "Restricted Payments"), provided that, except with respect to the following clauses (i) and (v), so long as no Event of Default then exists:

(i) each of Holdings and the Borrower may (x) pay cash in lieu of issuing fractions of shares of its common stock at a time when it issues shares of its common stock upon the exercise of any warrants or options or upon the conversion or redemption of any convertible or redeemable preferred or preference stock and (y) repurchase its common stock and preferred stock (and/or options or warrants in respect thereof) pursuant to, and in accordance with the terms of, management and/or employee stock plans;

(ii) Holdings may declare and pay, or otherwise effect, any other Dividend and the Borrower may declare and pay, or otherwise effect, any other Dividend to Persons other than Holdings, provided that the aggregate amount of any such Dividend at the time declared, when added to all Dividends theretofore declared pursuant to this clause (ii) after April 28, 1995, shall not exceed an amount equal to the sum of (x) \$300,000,000 plus (y) 50% of Cumulative Consolidated Net Income determined at the time of the declaration thereof, provided that such Dividend is paid within 45 days of the making of such declaration;

(iii) the Borrower and any of its Subsidiaries may make additional loans and advances to one or more RJRN Entities that is a Foreign Subsidiary, provided that the aggregate principal amount of such loans and advances made pursuant to this clause (iii) shall not exceed \$100,000,000 at any time;

(iv) the Borrower may pay Dividends to Holdings; and

(v) each of Holdings and the Borrower may issue and exchange shares of any class or series of its common stock now or hereafter outstanding for shares of any other class or series of its common stock at the time outstanding.

8.06 Transactions with Affiliates. Holdings will not, and will not permit any Subsidiary to, enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any Affiliate (other than a Nabisco Entity) other than on terms and conditions substantially as favorable to Holdings or such Subsidiary as would be obtainable by Holdings or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate, provided that the foregoing restrictions shall not apply to: (i) customary fees paid to members of the Board of Directors of

8.07 Consolidated Net Worth. Holdings will not permit Consolidated Net Worth at any time to be less than an amount equal to the sum of (x) \$3,750,000,000 plus (y) the sum of 25% of Consolidated Net Income, if positive, for each prior fiscal year of Holdings, if any, ending after January 1, 1996.

8.08 Leverage Ratio. Holdings will not permit the ratio of (i) Adjusted Consolidated Debt to (ii) Adjusted Operating Income for any Test Period to be more than 3.95 to 1.00.

8.09 Cash Interest Coverage Ratio. Holdings will not permit the ratio of (i) Adjusted Operating Income to (ii) Consolidated Cash Interest Expense for any Test Period to be less than 3.00 to 1.00.

SECTION 9. Events of Default. Upon the occurrence of any of the following specified events (each an "Event of Default"):

9.01 Payments. The Borrower shall (i) default in the payment when due of any principal of the Loans or (ii) default, and such default shall continue for five or more days, in the payment when due of any interest on the Loans or any Fees or any Unpaid Drawings or any other amounts owing hereunder or under any Note; or

9.02 Representations, etc. Any representation, warranty or statement made or deemed made by either Credit Party herein or in any other Credit Document or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

9.03 Covenants. Either Credit Party shall (a) default in the due performance or observance by it of any term, covenant or agreement contained in Section 7.10 or 8, or (b) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Section 9.01, 9.02 or clause (a) of this Section 9.03) contained in this Agreement and such default shall continue unremedied for a period of at least 30 days after notice to the Borrower by any Senior Managing Agent or the Required Banks; or

9.04 Default Under Other Agreements. (a) Holdings or any of its Subsidiaries shall (i) default in any payment with respect to any Indebtedness (other than the Obligations) in excess of \$75,000,000 individually or \$150,000,000 in the aggregate, for Holdings and its Subsidiaries, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (ii) default in the observance or performance of any agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any

other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice or lapse of time is required, provided that the existence of any Event of Default under this Section 9.04(a) (ii) with respect to Indebtedness outstanding under the 364 DF Credit Agreement shall be determined after giving effect to any notice or lapse of time provided to the Borrower in the 364 DF Credit Agreement), any such Indebtedness to become due prior to its stated maturity; or (b) any such Indebtedness shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment or as a mandatory prepayment (unless such required prepayment or mandatory prepayment results from a default or an event of the type that constitutes an Event of Default), prior to the stated maturity thereof, provided that to the extent Holdings or any of its Subsidiaries incurs (including pursuant to a committed facility not borrowed thereunder but with commitments aggregating) or issues Indebtedness in an aggregate principal amount of at least \$100,000,000 at any time that contains any default covering any action, failure to act and/or other circumstances of or affecting any Affiliate of Holdings (other than the Borrower and its Subsidiaries) not included as Events of Default hereunder (other than any of the foregoing relating solely to Holdings and its Subsidiaries), then this Section 9.04 shall be deemed to be automatically amended to include such defaults effective as of the date of the incurrence or issuance of such Indebtedness (it being agreed that the Borrower and Holdings will cooperate with the Senior Managing Agents to obtain an amendment to this Agreement, in form and substance satisfactory to the Majority SMA, formalizing the inclusion of such defaults under this Agreement); or

9.05 Bankruptcy, etc. Holdings or any of its Material Subsidiaries (each a "Designated Party") shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against a Designated Party and the petition is not controverted within 10 days after service of notice of such case on such Designated Party, or is not dismissed within 60 days after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of a Designated Party; or a Designated Party commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to a Designated Party; or there is commenced against a Designated Party any such proceeding which remains undismissed for a period of 60 days; or a Designated Party is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or a Designated Party suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or a Designated Party makes a general assignment for

the benefit of creditors; or

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any corporate action is taken by a Designated Party for the purpose of effecting any of the foregoing; or

9.06 ERISA. (a) A single-employer plan (as defined in Section 4001 of ERISA) maintained or contributed to by Holdings or any of its Subsidiaries or any ERISA Affiliate shall fail to maintain the minimum funding standard required by Section 412 of the Code for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code or shall provide security to induce the issuance of such waiver or extension, (b) any Plan is or shall have been terminated or the subject of termination proceedings under ERISA or an event has occurred entitling the PBGC to terminate a Plan under Section 4042(a) of ERISA, (c) any Plan shall have an Unfunded Current Liability, (d) Holdings or any Subsidiary or any ERISA Affiliate has incurred or is likely to incur a material liability to or on account of a termination of or a withdrawal from a Plan under Section 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA, (e) Holdings or any Subsidiary has incurred, after the Effective Date, liabilities (after giving effect to any reserves applicable thereto and maintained on the Effective Date) pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) which provide benefits to retired employees (other than as required by Section 601 of ERISA) or employee pension benefit plans (as defined in Section 3(2) of ERISA) (except in each case solely as a result of a change in estimate or adjustment of liabilities existing on the Effective Date upon the adoption or implementation of Financial Accounting Statement 106), or (f) Holdings or any Subsidiary or any ERISA Affiliate has incurred a liability under Section 409, 502(i) or 502(l) of ERISA or Section 4971 or 4975 of the Code; and there shall result from any such event or events described in the preceding clauses of this Section 9.06 the imposition of a Lien upon the assets of Holdings or any Subsidiary, the granting of a security interest, or a liability or a material risk of incurring a liability, which Lien, security interest or liability would have a material adverse effect upon the business, operations or financial condition of Holdings and its Subsidiaries taken as a whole; or

9.07 Judgments. One or more judgments or decrees shall be entered against Holdings or any of its Material Subsidiaries involving a liability of \$75,000,000 or more in the case of any one such judgment or decree and \$150,000,000 or more in the aggregate for all such judgments and decrees for Holdings and its Material Subsidiaries (to the extent not paid or fully covered by insurance) and any such judgments or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 60 days from the entry thereof; or

9.08 Guaranty. The Guaranty or any provision thereof shall cease to be in full force or effect, or the Guarantor or any Person acting by or on behalf of the Guarantor shall deny or disaffirm the Guarantor's obligations

Guarantor shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to the Guaranty;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, any Senior Managing Agent shall, upon the written request of the Required Banks, by written notice to Holdings and the Borrower, take any or all of the following actions, without prejudice to the rights of any Senior Managing Agent or any Bank to enforce its claims against the Borrower, except as otherwise specifically provided for in this Agreement (provided that if an Event of Default specified in Section 9.05 shall occur with respect to the Borrower, the result which would occur upon the giving of written notice by any Senior Managing Agent as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the Total Commitment terminated, whereupon the Commitment and Swingline Commitment, if any, of each Bank shall forthwith terminate immediately and any Facility Fee and Utilization Fee theretofore accrued shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest in respect of all Loans and all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower; (iii) terminate any Letter of Credit which may be terminated in accordance with its terms; and (iv) direct the Borrower to pay (and the Borrower agrees that upon receipt of such notice, or upon the occurrence of an Event of Default specified in Section 9.05 with respect to the Borrower, it will pay) to the Payments Administrator at the Payments Administrator's Office such additional amounts of cash, to be held as security for the Borrower's reimbursement obligations for Drawings that may subsequently occur thereunder, equal to the aggregate Stated Amount of all Letters of Credit issued and then outstanding.

Notwithstanding anything contained in the foregoing paragraph, if at any time within 60 days after an acceleration of the Loans pursuant to the preceding paragraph, the Borrower shall pay all arrears of interest and all payments on account of principal which shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified in this Agreement) and all Events of Default and Defaults (other than non-payment of the principal of and accrued interest on the Loans, in each case which is due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Section 12.12, then Non-Defaulting Banks holding at least 66-2/3% of the Adjusted Total Commitment (which Banks shall include in any event the Majority SMA), by written notice to Holdings and the Borrower, may at their option rescind and annul the acceleration and its consequences; but such action shall not affect any subsequent Event of Default or Default or impair any right consequent thereon.

The provisions of this paragraph are intended merely to bind the Banks to a decision which may be made at the election of the aforesaid percentage of the Banks and are not intended

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to benefit the Borrower and do not grant the Borrower the right to require the Banks to rescind or annul any acceleration hereunder, even if the conditions set forth herein are met.

SECTION 10. Definitions. As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Defined terms in this Agreement shall include in the singular number the plural and in the plural the singular:

"Absolute Rate" shall mean an interest rate (rounded to the nearest .0001) expressed as a decimal.

"Absolute Rate Borrowing" shall mean a Competitive Bid Borrowing with respect to which the Borrower has requested that the Banks offer to make Competitive Bid Loans at Absolute Rates.

"Adjusted Consolidated Debt" shall mean the sum (without duplication) of (i) notes payable, (ii) the current maturities of long-term debt, (iii) long-term debt and (iv) all other amounts representing liabilities with respect to pay-in-kind interest to the extent included in "Other Liabilities," all as determined for Holdings and its Subsidiaries in accordance with GAAP, it being understood that determinations of the amounts specified in clauses (i), (ii), (iii) and (iv) shall be made on a consistent basis with the methodology utilized by Holdings to determine such amounts on the Effective Date.

"Adjusted Operating Income" shall mean for any period (x) the consolidated operating income of Holdings and its Subsidiaries for such period plus (y) the sum of the consolidated depreciation expense and consolidated amortization expense of Holdings and its Subsidiaries for such period, all as determined in accordance with GAAP, it being understood that the determination of the amount specified in clauses (x) and (y) shall be made on a consistent basis with the methodology utilized by Holdings to determine such amount on the Effective Date, provided that (i) for the purposes of Section 8.08 only, for any Test Period during which any acquisition of any Person or business occurs, Adjusted Operating Income shall give pro forma effect to such acquisition as if it occurred on the first day of such Test Period and (ii) for all purposes, for any period which includes any Restructuring Charge Quarter there shall be excluded in determining Adjusted Operating Income any portion of the 1996 Restructuring Charge which reduced the consolidated operating income of Holdings and its Subsidiaries for such period.

"Adjusted Percentage" shall mean (x) at a time when no Bank Default

exists, for each Bank such Bank's Percentage and (y) at a time when a Bank Default exists (i) for each Bank that is a Defaulting Bank, zero and (ii) for each Bank that is a Non-Defaulting Bank, the percentage determined by dividing such Bank's Commitment at such time by the Adjusted Total Commitment at such time, it being understood that all references herein to Commitments at a time when the Total Commitment has been terminated shall be references

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to the Commitments in effect immediately prior to such termination, provided that (A) no Bank's Adjusted Percentage shall change upon the occurrence of a Bank Default from that in effect immediately prior to such Bank Default if after giving effect to such Bank Default, and any repayment of Loans at such time pursuant to Section 4.02(A) or otherwise, the sum of (i) the aggregate outstanding principal amount of Loans plus (ii) the Letter of Credit Outstandings exceeds the Adjusted Total Commitment, (B) the changes to the Adjusted Percentage that would have become effective upon the occurrence of a Bank Default but that did not become effective as a result of the preceding clause (A) shall become effective on the first date after the occurrence of the relevant Bank Default on which the sum of (i) the aggregate outstanding principal amount of the Loans plus (ii) the Letter of Credit Outstandings is equal to or less than the Adjusted Total Commitment and (C) if (i) a Non-Defaulting Bank's Adjusted Percentage is changed pursuant to the preceding clause (B) and (ii) any repayment of such Bank's Loans that were made during the period commencing after the date of the relevant Bank Default and ending on the date of such change to its Adjusted Percentage must be returned to the Borrower as a preferential or similar payment in any bankruptcy or similar proceeding of the Borrower, then the change to such Non-Defaulting Bank's Adjusted Percentage effected pursuant to said clause (B) shall be reduced to that positive change, if any, as would have been made to its Adjusted Percentage if (x) such repayments had not been made and (y) the maximum change to its Adjusted Percentage would have resulted in the sum of the outstanding principal of Revolving Loans made by such Bank plus such Bank's new Adjusted Percentage of the outstanding principal amount of Swingline Loans and of Letter of Credit Outstandings equalling such Bank's Commitment at such time.

"Adjusted Total Commitment" shall mean at any time the Total Commitment less the aggregate Commitments of all Defaulting Banks.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (i) to vote 20% or more of the securities having ordinary voting power for the election of directors of such corporation or (ii) to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"Aggregate Outstandings" shall have the meaning provided in Section

4.02 (A) (a) .

"Agreement" shall mean this Credit Agreement, as the same may be from time to time modified, amended and/or supplemented.

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"Agreement of Commitment Increase" shall mean an agreement in the form of Exhibit D-3, appropriately completed.

"Applicable Credit Rating" shall mean the highest rating level (a rating level being, e.g., each of BBB-, BBB and BBB+, in the case of S&P) assigned by each Rating Agency to any of the Long Term Debt Issues of Holdings or the Borrower.

"Applicable Eurodollar Margin" shall mean, in respect of each Interest Period commencing during a period set forth below, the percentage set forth below opposite such period below:

Period -----	Applicable Eurodollar Margin -----
NIG Period	.525%
Minimum Investment Grade Period	.325%
Increased Investment Grade Period	.250%
Maximum Investment Grade Period	.225%

"Applicable Facility Fee Percentage" shall mean, at any time during a period set forth below, the percentage set forth opposite such period below:

Period -----	Applicable Facility Fee Percentage -----
NIG Period	.200%
Minimum Investment Grade Period	.150%

Increased Investment Grade Period .125%

Maximum Investment Grade Period .100%

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"Applicable Facing Fee Percentage" shall mean, with respect to any Letter of Credit, such percentage or percentages as may be agreed to by the Borrower and the Letter of Credit Issuer issuing such Letter of Credit at the time of the issuance thereof.

"Applicable Utilization Fee Percentage" shall mean, at any time during a period set forth below, the percentage set forth opposite such period below:

Period -----	Applicable Utilization Fee Percentage -----
NIG Period	.250%
Minimum Investment Grade Period	.125%
Increased Investment Grade Period	0%
Maximum Investment Grade Period	0%

"Approved Alternate Currency" shall mean Canadian Dollars, Pounds Sterling, Dutch Guilders, Deutsche Marks, Japanese Yen, French Francs, Swiss Francs and Belgian Francs.

"Assignment Agreement" shall have the meaning provided in Section 12.04 (b) (A) .

"Authorized Officer" shall mean any senior officer of Holdings or the Borrower, as the case may be, designated as such in writing to the Senior Managing Agents by Holdings or the Borrower, in each case to the extent acceptable to the Majority SMA.

"Bank" shall have the meaning provided in the first paragraph of this Agreement.

"Bank Default" shall mean (i) the refusal (which has not been retracted) of a Bank to make available its portion of any Borrowing or to fund its portion of any unreimbursed payment under Section 2.03(c) or (ii) a Bank having notified any Senior Managing Agent and/or the Borrower that it does not intend to comply with its obligations under Section 1.01(A) or 1.01(C) or under Section 2.03(c), in the case of either clause (i) or (ii) as a result of the appointment of a receiver or conservator with respect to such Bank at the direction or request of any regulatory agency or authority.

"Bankruptcy Code" shall have the meaning provided in Section 9.05.

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"Base Rate" shall mean, for any day, the average of the publicly announced prime rates, base rates and/or reference rates on such date of BCo, Chase and Citibank.

"Bidder Bank" shall mean each Bank that has notified in writing (and has not withdrawn such notice) the Payments Administrator that it desires to participate generally in the bidding arrangements relating to Competitive Bid Borrowings.

"Borrower" shall have the meaning provided in the first paragraph of this Agreement and shall also include any Person which is the surviving corporation after giving effect to any transaction permitted by Section 8.02 involving the Borrower.

"Borrowing" shall mean and include (i) the incurrence of Swingline Loans from the Swingline Lenders on a pro rata basis on a given date, (ii) the incurrence of one Type of Loan by the Borrower from all of the Banks on a pro rata basis on a given date (or resulting from conversions on a given date), having in the case of Eurodollar Loans the same Interest Period, provided that Reference Rate Loans incurred pursuant to Section 1.11(b) shall be considered part of any related Borrowing of Eurodollar Loans and (iii) a Competitive Bid Borrowing.

"BCo" shall mean Bankers Trust Company and any successor corporation thereto by merger, consolidation or otherwise.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day excluding Saturday, Sunday and any day which shall be in the City of New York a legal holiday or a day on which banking institutions are authorized by law or other governmental actions to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) and which is also a day for trading by and between banks in U.S. dollar deposits in the interbank Eurodollar market.

"Capital Lease," as applied to any Person, shall mean any lease of

any property (whether real, personal or mixed) by that Person as lessee which, in conformity with GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person.

"Capitalized Lease Obligations" shall mean all obligations under Capital Leases of Holdings or any of its Subsidiaries in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

"Change of Control" shall mean and include (a) at any time Continuing Directors shall not constitute a majority of the Board of Directors of Holdings or the Borrower; and/or (b) any Person or group (as such term is defined in Section 13(d)(3) of

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the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than RJRN, Holdings and its Subsidiaries, shall acquire, directly or indirectly, beneficial ownership (within the meaning of Rule 13d-3 and 13d-5 under the Exchange Act) of 30% or more, on a fully diluted basis, of the economic or voting interest in Holdings' capital stock; and/or (c) Holdings shall own less than 80% on a fully diluted basis of (x) the economic interest of the common stock of the Borrower or (y) the voting interest of the capital stock of the Borrower.

"Chase" shall mean The Chase Manhattan Bank and any successor corporation thereto by merger, consolidation or otherwise.

"Citibank" shall mean Citibank, N.A. and any successor corporation thereto by merger, consolidation or otherwise.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Commercial Paper Outstandings" shall mean, at any time during a CP Period, an amount equal to (I) the sum of (x) the face amount of all commercial paper previously issued by Holdings and/or any of its Subsidiaries (other than Nabisco Ltd) at a discount and outstanding at such time plus (y) the principal amount of all commercial paper previously issued by Holdings and/or any of its Subsidiaries (other than Nabisco Ltd) on an interest bearing basis and outstanding at such time, in each case that will be refinanced, if necessary, pursuant to a CP Refinancing Borrowing less (II) the Commercial Paper Outstandings at such time as defined in the 364 DF Credit Agreement, provided that the Commercial Paper Outstandings that may be refinanced pursuant to CP Refinancing Borrowings shall not exceed at any time an amount equal to (i) the Total Commitment less (ii) the then aggregate principal amount of all Loans made pursuant to CP Refinancing Borrowings.

"Commitment" shall mean, with respect to each Bank, the amount set forth opposite such Bank's name in Annex I hereto, as the same may be increased from time to time pursuant to Section 1.16 and/or modified from time to time pursuant to Section 3.02, 3.03, 9 and/or 12.04(b) (A).

"Commitment Termination Date" shall mean December 31, 1996.

"Committed Loans" shall mean Revolving Loans and Swingline Loans.

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"Commodities Agreement" shall mean any forward contract, futures contract, option contract or similar agreement or arrangement, in each case intended to protect the Persons entering into same from fluctuations in the price of, or shortage of supply of, commodities.

"Competitive Bid Borrowing" shall mean a Borrowing of Competitive Bid Loans pursuant to Section 1.04 with respect to which the Borrower has requested that the Banks offer to make Competitive Bid Loans at Absolute Rates.

"Competitive Bid Loans" shall have the meaning provided in Section 1.01 (D).

"Confidential Information" shall have the meaning provided in Section 12.15.

"Consolidated Cash Interest Expense" shall mean, for any period, (i) consolidated interest expense of Holdings and its Subsidiaries, but excluding, however, to the extent included in consolidated interest expense, (x) non-cash interest expense and (y) amortization of debt issuance cost plus (ii) cash dividends paid on all preferred stock of Holdings and its Subsidiaries (except to the extent paid to Holdings or a Wholly-Owned Subsidiary of Holdings) during such period, it being understood that the determination of the amounts specified in clauses (i) (x) and (i) (y) shall be made on a consistent basis with the methodology utilized by Holdings to determine such amounts on the Effective Date.

"Consolidated Net Income" shall mean, for any period, for any Person the consolidated net income of such Person and its Subsidiaries, determined in accordance with GAAP, for such period.

"Consolidated Net Worth" shall mean, as at any date of determination, the stockholders' equity of Holdings as determined in accordance with GAAP and as would be reflected on a consolidated balance sheet of Holdings prepared as of such date plus any 1996 Restructuring Charge deducted in determining Consolidated Net Worth of Holdings as of such date, it being understood that the determination of such amounts shall be made on a consistent basis with the methodology utilized by Holdings to determine such amount on the

Effective Date.

"Contingent Obligations" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other monetary obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance

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or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof, provided however that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the lesser of (x) the maximum stated or determinable amount of such Contingent Obligation and (y) the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Continuing Bank" shall mean, at any time, each Bank whose Maturity Date is the Final Maturity Date.

"Continuing Director" shall mean, at any date, an individual (x) who is a member of the Board of Directors of Holdings or the Borrower, as the case may be, on the date of this Agreement, (y) who, as at such date, has been a member of such Board of Directors for at least the twelve preceding months, or (z) who has been nominated to be a member of such Board of Directors by a majority of the other Continuing Directors then in office.

"Corporate Agreement" shall mean the Corporate Agreement, dated as of January 26, 1995, between Holdings and RJRN.

"CP Period" shall mean the period from and including the Effective Date to and including the CP Period Termination Date, or such later date or other period as may be established from time to time by the Required Banks at the request of the Borrower while the CP Period is in effect (or in each case such earlier date as established by written notice from the Borrower to the Payments Administrator).

"CP Period Termination Date" shall mean the date which is one year after the Effective Date, as the same may be extended from time to time pursuant to the provisions of the following sentence. If within 60 days prior to the then CP Period Termination Date, Continuing Banks holding at least 66-2/3% of the Commitments held by Continuing Banks shall have extended the Final Maturity Date pursuant to the terms of Section 1.17, the CP Period Termination Date then in effect shall be automatically extended to the date which is one year after the then CP Period Termination Date.

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"CP Refinancing Borrowing" shall mean any Borrowing of Loans incurred during a CP Period, any of the proceeds of which are to be utilized to repay Commercial Paper Outstandings, to the extent such Borrowing is identified as such by the Borrower in the Notice of Borrowing given in respect of such Borrowing.

"Credit Documents" shall mean this Agreement and the Notes.

"Credit Event" shall mean and include the making of a Loan and/or the issuance of a Letter of Credit.

"Credit Party" shall mean each of Holdings and the Borrower.

"Credit Rating" shall mean (i) the Applicable Credit Rating assigned by each Rating Agency, if such Applicable Credit Ratings are the same or (ii) if the Applicable Credit Ratings assigned by the Rating Agencies differ, the higher of the Applicable Credit Ratings assigned by the Rating Agencies, provided that in the event the Applicable Credit Rating of any Rating Agency shall be more than one rating level above the Applicable Credit Rating of the other Rating Agency, the Credit Rating shall be one level below the higher Applicable Credit Rating.

"Cumulative Consolidated Net Income" shall mean, at any time for any determination thereof, the sum of (i) Consolidated Net Income of Holdings for the period (taken as one accounting period) commencing January 1, 1995 and ending on the last day of the last fiscal quarter of Holdings then ended plus (ii) all losses from debt retirement deducted in determining the Consolidated Net Income of Holdings for the period referred to in clause (i) above plus (iii) any 1996 Restructuring Charge deducted in determining Consolidated Net Income of Holdings for the period referred to in clause (i) above.

"Currency Agreement" shall mean any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic cap or other similar agreement designed to protect the Persons entering into same against fluctuations in currency values.

"Default" shall mean any event, act or condition which with notice

or lapse of time, or both, would constitute an Event of Default.

"Defaulting Bank" shall mean any Bank with respect to which a Bank Default is in effect.

"Designated Party" shall have the meaning provided in Section 9.05.

"Dividends" shall have the meaning provided in Section 8.05.

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"Drawing" shall have the meaning provided in Section 2.04(b).

"Effective Date" shall have the meaning provided in the preamble to Section 5.01.

"Eligible Transferee" shall mean and include a commercial bank, financial institution or other "accredited investor" (as defined in SEC Regulation D), provided that Eligible Transferee shall not include any Person (or any Affiliate thereof) who competes with Holdings and its Subsidiaries in the cookie, cracker, snack food or candy business.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with Holdings, a Subsidiary or a Credit Party would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Eurodollar Loans" shall mean each Revolving Loan bearing interest at the rates provided in Section 1.09(b).

"Eurodollar Rate" shall mean with respect to each Interest Period for a Eurodollar Loan (or for a Spread Borrowing priced by reference to the Eurodollar Rate), (i) the arithmetic average (rounded to the nearest 1/100 of 1%) of the offered quotation to first-class banks in the interbank Eurodollar market by each Reference Bank for dollar deposits of amounts in same day funds comparable to the outstanding principal amount of the Eurodollar Loan of such Reference Bank for which an interest rate is then being determined with maturities comparable to the Interest Period to be applicable to such Eurodollar Loan (or in the case of such Spread Borrowing, the arithmetic average of the offered rates for deposits in U.S. dollars for the applicable Interest Period (or the period closest to such applicable Interest Period) which appear on the Reuters Screen LIBO Page), determined as of 10:00 A.M. (New York time) on the date which is two Business Days prior to the commencement of such Interest

Period, divided (and rounded upward to the next whole multiple of 1/16 of 1%) by (ii) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D), provided, that if one or more of the Reference Banks fails to provide the Payments Administrator with its aforesaid rate for an Interest Period applicable to Eurodollar Loans, then the Eurodollar

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Rate for such Interest Period shall be determined based on the rate or rates provided to the Payments Administrator by the other Reference Bank or Banks.

"Event of Default" shall have the meaning provided in Section 9.

"Exchange Agreement" shall mean the Exchange Agreement, dated as of April 26, 1995, among Holdings, the Borrower and RJRN.

"Existing Credit Agreements" shall mean (i) the Credit Agreement, dated as of April 28, 1995, among Holdings, the Borrower, the Senior Managing Agents and the banks party thereto, as in effect on the Effective Date, and (ii) the Credit Agreement, dated as of November 3, 1995, among Holdings, the Borrower, the Senior Managing Agents and the banks party thereto, as in effect on the Effective Date.

"Facility Fee" shall have the meaning provided in Section 3.01(a).

"Facing Fee" shall have the meaning provided in Section 3.01(d).

"Federal Funds Rate" shall mean for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Payments Administrator from three Federal Funds brokers of recognized standing selected by the Payments Administrator.

"Fees" shall mean all amounts payable pursuant to, or referred to in, Section 3.01.

"Final Maturity Date" shall mean the date which is the fifth anniversary of the Effective Date, as the same may be extended pursuant to Section 1.17.

"Foreign Subsidiary" shall mean each Subsidiary of RJRN (other than

any Nabisco Entity) doing business primarily outside the United States or any state or territory thereof.

"Fuji" shall mean The Fuji Bank, Limited and any successor corporation thereto by merger, consolidation or otherwise.

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time; it being understood and agreed that deter-

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minations in accordance with GAAP for purposes of Section 8, including defined terms as used therein, shall be made pursuant to Section 12.07(a).

"Government Acts" shall have the meaning provided in Section 2.06(a).

"Guarantor" for purposes of Section 13 of this Agreement shall mean Holdings, to the extent not merged or consolidated with the Borrower in accordance with Section 8.02.

"Guaranty" shall mean the guaranty of Holdings set forth in Section 13, as the same may be supplemented, amended or modified from time to time.

"Hedging Agreements" shall mean and include Commodities Agreements, Currency Agreements and Interest Rate Agreements.

"Holdings" shall have the meaning provided in the first paragraph of this Agreement and shall also include any Person which is the surviving corporation after giving effect to any transaction permitted by Section 8.02 involving Holdings.

"Holdings Common Stock" shall mean each class of the common stock of Holdings.

"Increased Investment Grade Period" shall mean any period during which the Credit Rating at all times is the Increased Investment Grade Rating.

"Increased Investment Grade Rating" shall mean the rating assigned by each Rating Agency which is one rating level above the Minimum Investment Grade Rating, it being understood that as of the date of this Agreement the "Increased Investment Grade Rating" of S&P is BBB and the "Increased Investment Grade Rating" of Moody's is Baa2.

"Indebtedness" of any Person shall mean (i) all indebtedness of such Person for borrowed money, (ii) the deferred purchase price of assets or services which in accordance with GAAP would be shown on the liability side of the balance sheet of such Person, (iii) the face amount of all letters of credit

issued for the account of such Person and, without duplication, all drafts drawn thereunder, (iv) all Indebtedness of a second Person secured by any Lien on any property owned by such first Person, whether or not such Indebtedness has been assumed, (v) all Capitalized Lease Obligations of such Person, (vi) all obligations of such Person to pay a specified purchase price for goods or services whether or not delivered or accepted, i.e., take-or-pay and similar obligations, (vii) all obligations of such Person under Hedging Agreements and (viii) all Contingent Obligations of such Person, provided that Indebtedness shall not include or be deemed to include (x) trade payables and accrued expenses, in each case arising in the ordinary course of business, (y)

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any obligation of the Borrower or any Subsidiary thereof to purchase products, services and produce utilized in its business pursuant to the RJRN Agreements or agreements entered into in the ordinary course of business on a basis consistent with Holdings' past practices or then current industry practices and (z) sales of receivables of the Borrower and its Subsidiaries on a non-recourse basis, and provided further, that (a) for the purposes of Section 9.04, the amount of Indebtedness represented by any Hedging Agreement shall be at any time the unrealized net loss position, if any, of the Borrower and/or its Subsidiaries thereunder on a marked to market basis determined no more than one month prior to such time and (b) for the purposes of determining the Indebtedness permitted to be secured by Section 8.03(e) or outstanding under Section 8.04(i), the amount of Indebtedness included in such determination that is attributable to all Hedging Agreements secured or permitted thereunder, as the case may be, shall be the Net Termination Value, if any, of all such Hedging Agreements.

"Interest Period" shall mean with respect to (i) any Revolving Loan constituting a Eurodollar Loan, the interest period applicable thereto as determined pursuant to Section 1.10 and (ii) any Competitive Bid Loan, the period from the date of the making thereof to the maturity date thereof as specified in the respective Notice of Competitive Bid Borrowing.

"Interest Rate Agreement" shall mean any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate futures contract, interest rate option contract or other similar agreement or arrangement.

"Interest Rate Basis" shall mean the Eurodollar Rate and/or such other basis for determining an interest rate as the Borrower and the Payments Administrator may agree upon from time to time.

"Letter of Credit" shall mean each standby letter of credit issued pursuant to Section 2.01.

"Letter of Credit Fee" shall have the meaning provided in Section 3.01(c).

"Letter of Credit Issuer" shall mean and include each Bank requested by the Borrower to issue Letters of Credit to the extent consented to by such Bank.

"Letter of Credit Outstandings" shall mean, at any time, the sum of, without duplication, (i) the aggregate Stated Amount of all outstanding Letters of Credit and (ii) the aggregate amount of all Unpaid Drawings in respect of all Letters of Credit.

"Letter of Credit Request" shall have the meaning provided in Section 2.02.

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"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement (other than customary negative pledge clauses) to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof).

"Loan" shall mean any Competitive Bid Loan, Revolving Loan or Swingline Loan.

"Long Term Debt Issues" shall mean, with respect to each of Holdings and the Borrower, each issuance of long-term senior debt of such Person which ranks on a parity, as to payment and security, with the Guaranty or the Loans, as the case may be.

"Majority SMA" shall mean, at any time, at least one-half in number of the Senior Managing Agents.

"Mandatory Borrowing" shall have the meaning provided in Section 1.01(C).

"Margin Stock" shall have the meaning provided in Regulation U.

"Material Subsidiary" shall mean and include, at any time, the Borrower and each other Subsidiary of Holdings to the extent that (x) the aggregate consolidated book value of the assets of such Subsidiary is equal to or more than \$300,000,000 or (y) the revenues of such Subsidiary during its then most recently ended fiscal year were equal to or more than \$200,000,000.

"Maturity Date" shall mean, with respect to each Bank, the date which is the fifth anniversary of the Effective Date, as the same may be extended for such Bank pursuant to Section 1.17.

"Maximum Investment Grade Period" shall mean any period during which the Credit Rating is, or is at any level above, the Maximum Investment Grade Rating.

"Maximum Investment Grade Rating" shall mean the rating assigned by each Rating Agency which is at least one or more levels above the Increased Investment Grade Rating, it being understood that as of the date of this Agreement the lowest "Maximum Investment Grade Rating" of S&P is BBB+ and the lowest "Maximum Investment Grade Rating" of Moody's is Baal.

"Minimum Borrowing Amount" shall mean (i) with respect to a Borrowing of Revolving Loans, \$25,000,000 and (ii) with respect to a Borrowing of Swingline Loans, \$5,000,000.

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"Minimum Investment Grade Period" shall mean any period during which the Credit Rating is at all times the Minimum Investment Grade Rating.

"Minimum Investment Grade Rating" shall mean the lowest rating level established as investment grade by each Rating Agency, it being understood that as of the date of this Agreement the "Minimum Investment Grade Rating" of S&P is BBB- and the "Minimum Investment Grade Rating" of Moody's is Baa3.

"Moody's" shall mean Moody's Investors Service, Inc., or any successor corporation thereto.

"Nabisco Biscuit Division" shall mean the portion of the business of Holdings and its Subsidiaries engaged in the manufacture and sale of crackers and cookies in the United States.

"Nabisco Entity" shall mean Holdings and its Subsidiaries.

"Nabisco Ltd" shall mean Nabisco Ltd, a Canadian corporation.

"Net Termination Value" shall mean at any time, with respect to all Hedging Agreements for which a Net Termination Value is being determined, the excess, if positive, of (i) the aggregate of the unrealized net loss position of the Borrower and/or its Subsidiaries under each of such Hedging Agreements on a marked to market basis determined no more than one month prior to such time less (ii) the aggregate of the unrealized net gain position of the Borrower and/or its Subsidiaries under each of such Hedging Agreements on a marked to market basis determined no more than one month prior to such time.

"New Bank" shall have the meaning provided in Section 1.16.

"NIG Period" shall mean any period during which the Credit Rating is at all times below the Minimum Investment Grade Rating.

"1996 Restructuring Charge" shall mean the restructuring expenses and related costs and expenses in an aggregate amount not in excess of \$500,000,000 recorded or accrued during Holdings' 1996 fiscal year.

"Non-Continuing Bank" shall mean, at any time, each Bank which is not a Continuing Bank at such time.

"Non-Defaulting Bank" shall mean and include each Bank other than a Defaulting Bank.

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"Note" shall have the meaning provided in Section 1.06(a).

"Notice of Borrowing" shall have the meaning provided in Section 1.03.

"Notice of Competitive Bid Borrowing" shall have the meaning provided in Section 1.04.

"Notice of Conversion" shall have the meaning provided in Section 1.07.

"Notifying SL Lender" shall have the meaning provided in Section 1.01(C).

"Obligations" shall mean all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing, owing to any Senior Managing Agent, the Payments Administrator or any Bank pursuant to the terms of this Agreement or any other Credit Document.

"Participant" shall have the meaning provided in Section 2.03(a).

"Payments Administrator" shall mean Chase, provided that if Chase shall cease to constitute a Senior Managing Agent hereunder, the remaining Senior Managing Agents shall have the option to appoint one of such remaining Senior Managing Agents as the Payments Administrator.

"Payments Administrator's Office" shall mean the office of the Payments Administrator located at One Chase Manhattan Plaza, New York, New York 10081, or such other office in New York City as the Payments Administrator may hereafter designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Percentage" shall mean at any time for each Bank, the percentage obtained by dividing such Bank's Commitment by the Total Commitment, provided that at any time when the Total Commitment shall have been terminated each Bank's Percentage shall be the percentage obtained by dividing such Bank's outstanding Revolving Loans by the aggregate outstanding Revolving Loans.

"Permitted Commodities Agreement" shall mean any Commodities

Agreement entered into in the ordinary course of business by any Subsidiary of the Borrower to the extent consistent with the practices of the Borrower and its Subsidiaries prior to the Effective Date or with then current practices in the industry.

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"Permitted Currency Agreement" shall mean any Currency Agreement entered into in the ordinary course of business by any Subsidiary of the Borrower to the extent consistent with the practices of the Borrower and its Subsidiaries prior to the Effective Date or with then current practices in the industry, provided that no domestic Subsidiary (other than domestic Subsidiaries of the Borrower all or substantially all of the business and operations of which are conducted outside the United States) may be an obligor under or a guarantor of any such Currency Agreements entered into after the Effective Date.

"Permitted Obligations" shall mean and include obligations (i) to pay taxes, (ii) to pay import duties, to post customs bonds and otherwise in connection with customs and trade laws, (iii) to purchase equipment or fixtures and otherwise in connection with capital expenditures, (iv) in connection with the importation or purchase of products or goods for use in the day-to-day operations of the Borrower and its Subsidiaries consistent with the Borrower's practices in effect prior to the Effective Date or with then current practices in the industry, (v) to make utility payments, (vi) in connection with worker's compensation obligations or other employee disability obligations, (vii) to provide credit support for any of the foregoing, (viii) in respect of employee loans made in connection with transfers and (ix) to provide credit support for suppliers and distributors in the ordinary course of business.

"Person" shall mean any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any multiemployer or single-employer plan as defined in Section 4001 of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribution of), or at any time during the five calendar years preceding the date of this Agreement was maintained or contributed to by (or to which there was an obligation to contribution of), the Borrower, a Subsidiary or an ERISA Affiliate.

"Rating Agency" shall mean each of S&P and Moody's.

"Reference Banks" shall mean BCo, Chase and Citibank.

"Reference Rate" shall mean, at any time, the higher of (x) the rate which is 1/2 of 1% in excess of the Federal Funds Rate and (y) the Base Rate as in effect from time to time.

"Reference Rate Loan" shall mean each Revolving Loan or Swingline

Loan bearing interest at the rates provided in Section 1.09(a).

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"Register" shall have the meaning provided in Section 1.06(d).

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Reply Date" shall have the meaning provided in Section 1.04(b).

"Reportable Event" shall mean an event described in Section 4043(b) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Required Banks" shall mean at any time either (A) (i) the Majority SMA plus (ii) Non-Defaulting Banks (including any of the Senior Managing Agents) holding more than 50% of the Adjusted Total Commitment (or, if the Total Commitment has been terminated, of the Adjusted Total Commitment as in effect immediately prior to such termination), or (B) Non-Defaulting Banks holding more than 66-2/3% of the Adjusted Total Commitment (or, if the Total Commitment has been terminated, of the Adjusted Total Commitment as in effect immediately prior to such termination).

"Response Date" shall have the meaning provided in Section 1.17.

"Restricted Payments" shall have the meaning provided in Section 8.05.

"Restricted Sales" shall mean and include the sale or other disposition, whether such sale or disposition is of capital stock or assets, by Holdings or any of its Subsidiaries to any Person other than the Borrower or a Wholly-Owned Subsidiary of the Borrower in one or more transactions of all or substantially all or any substantial portion of the assets (other than (i) inventory and equipment to the extent sold or disposed of in the ordinary course of business and (ii) receivables pursuant to any receivables facilities of the Borrower and its Subsidiaries) of the Nabisco Biscuit Division as constituted on the Effective Date, provided that Restricted Sales shall not include any issuance by Holdings or the Borrower of its capital stock.

"Restructuring Charge Quarter" shall mean any fiscal quarter of Holdings during its 1996 fiscal year in which it has taken some or all of the 1996 Restructuring Charge.

"Revolving Loan" shall have the meaning provided in Section 1.01(A).

"RJRN" shall mean RJR Nabisco, Inc., a Delaware corporation.

"RJRN Agreements" shall mean, collectively, the Corporate Agreement, the Services Agreement, the Tax Sharing Agreement and the Exchange Agreement.

"RJRN Entity" shall mean RJRN Holdings and each Subsidiary of RJRN other than Holdings and any of its Subsidiaries.

"RJRN Holdings" shall mean RJR Nabisco Holdings Corp., a Delaware corporation.

"S&P" shall mean Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc., or any successor corporation thereto.

"SEC" shall have the meaning provided in Section 7.01(f).

"SEC Regulation D" shall mean Regulation D as promulgated under the Securities Act of 1933, as amended, as the same may be in effect from time to time.

"Senior Managing Agent" shall mean and include BTCo, Chase, Citibank and Fuji, and any successor to any thereof appointed pursuant to Section 11.09.

"Services Agreement" shall mean the Intercompany Services and Operating Agreement, dated as of January 26, 1995, between Holdings and RJRN.

"Specified Permitted Existing Debt" shall mean the Indebtedness existing as of the Effective Date as described in Annex IV and such other Indebtedness of Subsidiaries of the Borrower existing as of the Effective Date and not so listed in an aggregate principal amount not to exceed \$10,000,000.

"Spread" shall mean a percentage per annum (rounded to the nearest .0001%) in excess of, or less than, an Interest Rate Basis.

"Spread Borrowing" shall mean a Competitive Bid Borrowing with respect to which the Borrower has requested the Banks to make Competitive Bid Loans at a Spread over or under a specified Interest Rate Basis.

"Stated Amount" of any Letter of Credit shall mean the maximum amount available to be drawn thereunder, determined without regard to whether any conditions to drawing could then be met.

"Subsidiary" of any Person shall mean and include (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (ii) any partnership, association, joint venture or other entity in which such Person directly or indirectly through Subsidiaries has more than a 50% equity interest at the time. Unless otherwise expressly provided, all references herein to "Subsidiary" shall mean a Subsidiary of Holdings.

"Swingline Commitment" shall mean for each Swingline Lender, \$30,000,000.

"Swingline Lender" shall mean and include each of BTCo, Chase, Citibank and Fuji, in each case, so long as such entity constitutes a Bank hereunder.

"Swingline Loans" shall have the meaning provided in Section 1.01(B).

"Swingline Maturity Date" shall mean the date which is five Business Days prior to the Final Maturity Date.

"Tax Sharing Agreement" shall mean the agreement, dated as of January 26, 1995, as amended on March 23, 1995, between Holdings and RJRN.

"Taxes" shall have the meaning provided in Section 4.04(a).

"Test Period" shall mean for any determination under Section 8.08 or 8.09 the four consecutive fiscal quarters of Holdings then last ended.

"364 DF Credit Agreement" shall mean the Credit Agreement, dated as of the date hereof, among Holdings, the Borrower and the lending institutions party thereto relating to initial commitments aggregating \$1,500,000,000, as the same may be modified, supplemented or amended from time to time.

"Total Adjusted Utilization Amount" at any time shall mean the Total Utilization Amount at such time less the aggregate principal amount of all Loans made by Defaulting Banks outstanding at such time.

"Total Commitment" shall mean the sum of the Commitments of each Bank.

"Total Swingline Commitment" shall mean the sum of the Swingline

Commitments of each of the Swingline Lenders, provided that the Total Swingline Commitment shall not at any time exceed the Total Commitment.

"Total Unutilized Commitment" shall mean the excess of (x) the Total Commitment over (y) the sum of (i) the aggregate outstanding principal amount of all Revolving Loans, Swingline Loans and Competitive Bid Loans, (ii) the Letter of Credit Outstandings and (iii) the Commercial Paper Outstandings.

"Total Utilization Amount" shall mean at any time the sum of (i) the aggregate outstanding principal amount of all Revolving Loans, Competitive Bid Loans and Swingline Loans plus (ii) all Letter of Credit Outstandings plus (iii) the Commercial Paper Outstandings.

"Type" shall mean any type of Loan determined with respect to the interest option applicable thereto, i.e., a Reference Rate Loan or Eurodollar Loan.

"UCC" shall mean the Uniform Commercial Code.

"Unfunded Current Liability" of any Plan shall mean the amount, if any, by which the present value of the accrued benefits under such Plan as of the close of its most recent plan year, determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by such Plan's actuary in the most recent annual valuation of such Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

"Unpaid Drawing" shall have the meaning provided in Section 2.04(a).

"Utilization Fee" shall have the meaning provided in Section 3.01(b).

"Utilization Period" shall mean each of the following periods to the extent that during such period the average daily Total Utilization Amount exceeds 50% of the average daily Total Commitment: (i) the period from and including the Effective Date to and including December 31, 1996, (ii) each successive three month period thereafter; and (iii) if the Total Commitment is terminated during any such period, the period from and including the first day of such period to and including the day on which the Total Commitment is terminated.

"Wholly-Owned Subsidiary" of any Person shall mean any Subsidiary of such Person to the extent all of the capital stock or other ownership interests in such Subsidiary, other than directors' or nominees' qualifying shares, is directly or indirectly owned by such Person. Establecimiento Modelo Terrabusi SAIC, an Argentine corpora-

tion, shall be deemed a Wholly-Owned Subsidiary of the Credit Parties so long as at least 95% of its capital stock is owned, directly or indirectly, by the Borrower.

"Written" or "in writing" shall mean any form of written communication or a communication by means of telex, facsimile transmission, telegraph or cable.

SECTION 11. The Senior Managing Agents.

11.01 Appointment. Each Bank hereby irrevocably designates and appoints BTCo, Chase, Citibank and Fuji as Senior Managing Agents (such term to include any of the Senior Managing Agents acting as Payments Administrator) of such Bank to act as specified herein and in the other Credit Documents, and each such Bank hereby irrevocably authorizes BTCo, Chase, Citibank, Fuji, as the Senior Managing Agents for such Bank, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the respective Senior Managing Agents by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Each Senior Managing Agent agrees to act as such upon the express conditions contained in this Section 11. Notwithstanding any provision to the contrary elsewhere in this Agreement, no Senior Managing Agent shall have any duties or responsibilities, except those expressly set forth herein or in the other Credit Documents, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against any Senior Managing Agent. The provisions of this Section 11 are solely for the benefit of the Senior Managing Agents and the Banks, and no Credit Party shall have any rights as a third party beneficiary of any of the provisions hereof, provided that Holdings shall have the rights granted to it pursuant to Section 11.09. In performing its functions and duties under this Agreement, each Senior Managing Agent shall act solely as agent of the Banks and does not assume and shall not be deemed to have assumed any obligation or relationship of agency or trust with or for either Credit Party. No Managing Agent, Lead Manager, Manager or Co-Manager shall have any duties or obligations in its capacity as such under this Agreement.

11.02 Delegation of Duties. Each Senior Managing Agent may execute any of its duties under this Agreement or any other Credit Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Senior Managing Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care except to the extent otherwise required by Section 11.03.

11.03 Exculpatory Provisions. No Senior Managing Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for

any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by Holdings, any Subsidiary or any of their respective officers contained in this Agreement, any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by any Senior Managing Agent under or in connection with, this Agreement or any other Credit Document or for any failure of Holdings or any Subsidiary or any of their respective officers to perform its obligations hereunder or thereunder. No Senior Managing Agent shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of Holdings or any Subsidiary. No Senior Managing Agent shall be responsible to any Bank for the effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement or any Credit Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by any Senior Managing Agent to the Banks or by or on behalf of the Borrower to any Senior Managing Agent or any Bank or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default or Event of Default.

11.04 Reliance by Senior Managing Agents. Each Senior Managing Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, facsimile transmission, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Credit Parties), independent accountants and other experts selected by such Senior Managing Agent. Each Senior Managing Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Senior Managing Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of the Required Banks (or to the extent specifically provided in Section 12.12, all the Banks), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks.

11.05 Notice of Default. No Senior Managing Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless such Senior Managing Agent has received notice from a Bank or the Borrower or Holdings referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that any Senior Managing Agent receives such a notice, such Senior Managing Agent shall give prompt notice thereof to the Banks. Each Senior Managing Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks, provided that, unless and until a Senior Managing Agent shall have received such directions, such Senior Managing Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

11.06 Non-Reliance on Senior Managing Agents and Other Banks. Each Bank expressly acknowledges that no Senior Managing Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Senior Managing Agent hereafter taken, including any review of the affairs of Holdings or any Subsidiary, shall be deemed to constitute any representation or warranty by any Senior Managing Agent to any Bank. Each Bank represents to each Senior Managing Agent that it has, independently and without reliance upon any Senior Managing Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of Holdings and its Subsidiaries and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon any Senior Managing Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other condition, prospects and creditworthiness of Holdings and its Subsidiaries. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Payments Administrator hereunder, no Senior Managing Agent shall have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, assets, property, financial and other conditions, prospects or creditworthiness of Holdings or any Subsidiary which may come into the possession of such Senior Managing Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

11.07 Indemnification. The Banks agree to indemnify each Senior Managing Agent in its capacity as such ratably according to their aggregate Commitments (or, if the Total Commitment has been terminated, their aggregate Commitments as in effect

immediately prior to such termination), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, reasonable expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, incurred by or asserted against such Senior Managing Agent in its capacity as such in any way relating to or arising out of this Agreement or any other Credit Document, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted to be taken by any Senior Managing Agent under or in connection with any of the foregoing, but only to the extent that any of the foregoing is not paid by Holdings or any of its Subsidiaries, provided that no Bank shall be liable to any Senior Managing Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Senior Managing Agent's gross negligence or willful misconduct. If any indemnity furnished to any Senior Managing Agent for any purpose shall, in the opinion of such Senior Managing Agent, be insufficient or become impaired, such Senior Managing Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section 11.07 shall survive the payment of all Obligations.

11.08 Senior Managing Agents in Their Individual Capacities. Each Senior Managing Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with Holdings and its Subsidiaries as though such Senior Managing Agent were not a Senior Managing Agent hereunder. With respect to the Loans made by it and all Obligations owing to it, each Senior Managing Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not a Senior Managing Agent, and the terms "Bank" and "Banks" shall include each Senior Managing Agent in its individual capacity.

11.09 Successor Senior Managing Agents. Any Senior Managing Agent may resign as a Senior Managing Agent upon 20 days' notice to the Banks, provided that prior to, and as a condition of, the last remaining Senior Managing Agent so resigning, the Required Banks shall appoint from among the Banks a successor Senior Managing Agent for the Banks subject to prior approval by Holdings (such approval not to be unreasonably withheld, provided that such Bank agrees to assume the Swingline Commitment of such Senior Managing Agent in full), whereupon such successor agent shall succeed to the rights, powers and duties of the Senior Managing Agents, and the term "Senior Managing Agents" shall include such successor agent effective upon its appointment, and the resigning Senior Managing Agent's rights, powers and duties as a Senior Managing Agent shall be terminated, without any other or further act or deed on the part of such former Senior Managing Agent or any of the parties to this Agreement. After any retiring Senior Managing Agent's resignation hereunder as a Senior Managing Agent, the provisions of this

Section 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was a Senior Managing Agent under this Agreement.

SECTION 12. Miscellaneous.

12.01 Payment of Expenses, etc. The Borrower agrees to: (i) pay all reasonable out-of-pocket costs and expenses of (x) the Senior Managing Agents, whether or not the transactions herein contemplated are consummated, in connection with the negotiation, preparation, execution and delivery of the Credit Documents and the documents and instruments referred to therein and any amendment, waiver or consent relating thereto (including, without limitation, the reasonable fees and disbursements of White & Case but of no other counsel) and (y) each Senior Managing Agent and each of the Banks in connection with the enforcement of the Credit Documents and the documents and instruments referred to therein (including, without limitation, the reasonable fees and disbursements of counsel for each Senior Managing Agent and for each of the Banks); (ii) pay and hold each of the Banks harmless from and against any and all present and future stamp and other similar taxes with respect to the foregoing matters and save each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes; and (iii) indemnify each Bank, its officers, directors, employees, representatives and agents from and hold each of them harmless against any and all losses, liabilities, claims, damages or expenses incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of, any investigation, litigation or other proceeding (whether or not any Bank is a party thereto) related to the entering into and/or performance of any Credit Document or the use of the proceeds of any Loans hereunder or the consummation of any other transactions contemplated in any Credit Document, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding (but excluding any such losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

12.02 Right of Setoff. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to either Credit Party or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of either Credit Party against and on account of the Obligations and liabilities of such Credit Party to such Bank under this Agreement or under any of the other Credit Documents, including, without

such Bank pursuant to Section 12.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not such Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

12.03 Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, facsimile transmission or cable communication) and mailed, telegraphed, telexed, telecopied, cabled or delivered, if to a Credit Party, at the address specified opposite its signature below; if to any Bank, at its address specified for such Bank on Annex II hereto; or, at such other address as shall be designated by any party in a written notice to the other parties hereto. All such notices and communications shall be telegraphed, telexed, telecopied, or cabled or sent by overnight courier, and shall be effective when received.

12.04 Benefit of Agreement. (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, provided that no Credit Party may assign or transfer any of its interests hereunder, except to the extent any such assignment results from the consummation of a transaction permitted under Section 8.02, without the prior written consent of the Banks, and provided further, that the rights of each Bank to transfer, assign or grant participations in its rights and/or obligations hereunder shall be limited as set forth below in this Section 12.04, provided that nothing in this Section 12.04 shall prevent or prohibit any Bank from pledging its rights under this Agreement and/or its Loans and/or Note hereunder to a Federal Reserve Bank in support of borrowings made by such Bank from such Federal Reserve Bank.

(b) Each Bank shall have the right to transfer, assign or grant participations in all or any part of its remaining rights and obligations hereunder on the basis set forth below in this clause (b).

(A) Assignments. Each Bank may assign pursuant to an Assignment Agreement substantially in the form of Exhibit D-2 hereto (each, an "Assignment Agreement") all or a portion of its rights and obligations hereunder pursuant to this clause (b) (A) to (x) one or more Banks or (y) one or more other Eligible Transferees, provided that (i) the consent of the Borrower shall be required in connection with any assignment pursuant to clause (x) or (y) above (which consent shall not be unreasonably withheld or delayed) and (ii) any such assignment pursuant to clause (y) above shall be in the aggregate amount of at least (I) in the event of an assignment relating to this Agreement only, \$10,000,000, except to the extent that after giving effect to any such assignment the assigning Bank

shall have reduced its Commitment to zero and (II) in the event of an assignment relating this Agreement and the 364 DF Credit Agreement, \$5,000,000, provided, that the

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aggregate amount of such assignment under this Agreement and the 364 DF Credit Agreement is at least \$10,000,000, except to the extent that after giving effect to any such assignment the assigning Bank shall have reduced its Commitment hereunder to zero. Any assignment to another Bank pursuant to this clause (b) (A) will become effective upon the payment to the Payments Administrator by (I) either the assigning or the assignee Bank or (II) in the case of an assignment pursuant to Section 1.14, the Replacement Bank, of a nonrefundable assignment fee of \$2,500 and the recording by the Payments Administrator of such assignment, and the resultant effects thereof on the Commitments of the assigning Bank and the assignee Bank, in the Register, the Payments Administrator hereby agreeing to effect such recordation no later than five Business Days after its receipt of a written notification by the assigning Bank and the assignee Bank of the proposed assignment, provided that the Payments Administrator shall not be required to, and shall not, so record any assignment in the Register on or after the date on which any proposed amendment, modification or supplement in respect of this Agreement has been circulated to the Banks for approval until the earlier of (x) the effectiveness of such amendment, modification or supplement in accordance with Section 12.12 or (y) 30 days following the date on which such proposed amendment, modification or supplement was circulated to the Banks. Assignments pursuant to this clause (b) (A) to any Person not theretofore a Bank hereunder will only be effective if the Payments Administrator shall have received a written notice in the form of Exhibit D-1 hereto from the assigning Bank and the assignee Bank and payment of a nonrefundable assignment fee of \$2,500 to the Payments Administrator (provided, that in the event of simultaneous assignments relating to this Agreement and the 364 DF Credit Agreement, the fees for such assignment shall total \$2,500) by (I) either the assigning or the assignee Bank or (II) in the case of an assignment pursuant to Section 1.14, the Replacement Bank. No later than five Business Days after its receipt of such written notice, the Payments Administrator will record such assignment, and the resultant effects thereof on the Commitment of the assigning Bank, in the Register, at which time such assignment shall become effective, provided that the Payments Administrator shall not be required to, and shall not, so record any assignment in the Register on or after the date on which any proposed amendment, modification or supplement in respect of this Agreement has been circulated to the Banks for approval until the earlier of (x) the effectiveness of such amendment, modification or supplement in accordance with Section 12.12 or (y) 30 days following the date on which such proposed amendment, modification or supplement was circulated to the Banks. Upon the effectiveness of any assignment pursuant to this clause (b) (A), (x) the assignee will become a "Bank" for all

purposes of this Agreement and the other Credit Documents with a Commitment as so recorded by the Payments Administrator in the Register, and to the extent of such assignment, the assigning Bank shall be relieved of its obligations hereunder with respect to the portion of its Commitment being assigned and (y) if such

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assignment occurs after the Effective Date, the Borrower shall issue new Notes (in exchange for the Note of the assigning Bank) to the assigning Bank (to the extent such Bank's Commitment is not reduced to zero as a result of such assignment) and to the assignee Bank, in each case to the extent requested by the assigning Bank or assignee Bank, as the case may be, in conformity with the requirements of Section 1.06 to the extent needed to reflect the revised Commitments of such Banks. The Payments Administrator will prepare on the last Business Day of each calendar quarter during which an assignment has become effective pursuant to this clause (b) (A) a new Annex I giving effect to all such assignments effected during such quarter and will promptly provide same to the Borrower and each of the Banks.

(B) Participations. Each Bank may transfer, grant or assign participations in all or any part of such Bank's interests and obligations hereunder pursuant to this clause (b) (B) to any Eligible Transferee, provided that (i) such Bank shall remain a "Bank" for all purposes of this Agreement and the transferee of such participation shall not constitute a Bank hereunder and (ii) no participant under any such participation shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (x) extend the final scheduled maturity of any of the Loans or the Commitment in which such participant is participating or (y) reduce the interest rate (other than as a result of waiving the applicability of any post-default increases in interest rates) or Fees applicable to any of the Loans, Commitments or Letters of Credit or postpone the payment of any thereof or (z) release the Guaranty. In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against the granting Bank in respect of such participation to be those set forth in the agreement with such Bank creating such participation) and all amounts payable by the Borrower hereunder shall be determined as if such Bank had not sold such participation, provided that such participant shall be entitled to receive additional amounts under Sections 1.11, 1.12, 2.05 and 4.04 on the same basis as if it were a Bank. In addition, each agreement creating any participation must include an agreement by the participant to be bound by the provisions of Section 12.15 and such participant shall have executed a confidentiality agreement in the form of Exhibit E hereto.

(c) Notwithstanding any other provisions of this Section 12.04, no

transfer or assignment of the interests or obligations of any Bank hereunder or any grant of participations therein shall be permitted if such transfer, assignment or grant would require the Borrower or the Guarantor to file a registration statement with the SEC or to qualify the Loans under the "Blue Sky" laws of any State.

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(d) Each Bank initially party to this Agreement hereby represents, and each Person that becomes a Bank pursuant to an assignment permitted by the preceding clause (b) (A) will upon its becoming party to this Agreement represent, that it is an Eligible Transferee which makes loans in the ordinary course of its business and that it will make or acquire Loans for its own account in the ordinary course of such business, provided that subject to the preceding clauses (a) through (c), the disposition of any promissory notes or other evidences of or interests in Indebtedness held by such Bank shall at all times be within its exclusive control.

12.05 No Waiver; Remedies Cumulative. No failure or delay on the part of any Senior Managing Agent, Payments Administrator or any Bank in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between either Credit Party and any Senior Managing Agent or any Bank shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which any Senior Managing Agent or any Bank would otherwise have. No notice to or demand on either Credit Party in any case shall entitle either Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Senior Managing Agents or the Banks to any other or further action in any circumstances without notice or demand.

12.06 Payments Pro Rata. (a) The Payments Administrator agrees that promptly after its receipt of each payment from or on behalf of either Credit Party in respect of any Obligations of such Credit Party, it shall, except as otherwise provided in this Agreement (or to the extent waived by any Bank), distribute such payment to the Banks pro rata based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise) which is applicable to the payment of the principal of, or interest on, the Loans or Fees, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total of such

Obligations then owed and due to such Bank bears to the total of such Obligations then owed and due to all of the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations to such Banks in such amount as shall result in a proportional participation by all of the Banks in such amount, provided that if all or any portion of such excess amount is thereafter recovered from such Bank, such purchase

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shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

12.07 Calculations; Computations. (a) The financial statements to be furnished to the Banks pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by the Borrower to the Banks), provided that, except as otherwise specifically provided herein, all computations determining compliance with Section 8, including definitions used therein, shall utilize accounting principles and policies in effect at the time of the preparation of, and in conformity with those used to prepare, the historical financial statements referred to in Section 6.09(b), provided that in the event GAAP shall be modified from that in effect at the time of the preparation of such financial statements, the Borrower shall be entitled to utilize GAAP, as so modified, for purposes of such computations to the extent that (x) the Borrower gives the Banks 30 days' prior written notice of such proposed modification and (y) prior thereto the Borrower and the Majority SMA shall have agreed upon adjustments, if any, to Sections 8.03(e), 8.04(i), 8.05, 8.07, 8.08 and 8.09 (and the definitions used therein) the sole purpose of which shall be to give effect to such proposed change (it being understood and agreed that to the extent that the Borrower and the Majority SMA cannot agree on appropriate adjustments to such Sections (or that no adjustments are necessary), the proposed change may not be effected), and provided further, that (i) if at any time the computations determining compliance with Section 8 utilize accounting principles different from those utilized in the financial statements furnished to the Banks, such financial statements shall be accompanied by reconciliation work-sheets and (ii) in the event that the obligations and related receivables under any of the existing receivables facilities of the Borrower and its Subsidiaries or under any replacement facilities (to the extent Liens created thereunder do not attach to assets not subject to Liens under the receivables facility being replaced) are no longer given off-balance sheet treatment, any such obligations, the interest expense or discount thereon and related receivables under such existing or replacement receivables facility shall continue to receive off-balance sheet treatment for purposes of determining compliance with Section 8.

(b) All computations of interest and Fees hereunder shall be made on the actual number of days elapsed over a year of 360 days.

(c) All determinations of the Stated Amount of Letters of Credit and of the principal amount of Unpaid Drawings, in each case to the extent denominated in a currency other than U.S. dollars, shall be made by converting same into U.S. dollars at (x) if a Currency Agreement has been entered into by the Borrower and/or any of its Subsidiaries in connection with such Indebtedness, and is in effect at the time of such determination, the rate provided in such Currency Agreement, provided that this clause (x) shall not be applicable (I) unless the Payments Administrator has received sufficient information from the Borrower to determine the exchange rate established by such Currency Agreement and

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the duration thereof, or (II) to any determination of the Borrower's obligation to reimburse in U.S. dollars a Drawing under a Letter of Credit denominated in a currency other than U.S. dollars, (y) in the case of a determination of the Borrower's obligation to reimburse in U.S. dollars a Drawing under a Letter of Credit denominated in a currency other than U.S. dollars, the spot exchange rate for the currency in question of the Letter of Credit Issuer on the date of such Drawing or (z) if the provisions of the foregoing clauses (x) and (y) are not applicable, the "official" exchange rate, if applicable, or the spot exchange rate for the currency in question calculated by the Payments Administrator on the last Business Day of each calendar month and at such other times as the Payments Administrator elects to make such determination, it being understood that the Payments Administrator shall have no obligation to make any such other determinations. The Payments Administrator will promptly notify the Borrower and each Letter of Credit Issuer of its determinations hereunder.

12.08 Governing Law; Submission to Jurisdiction; Venue. (a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. Any legal action or proceeding with respect to this Agreement or any other Credit Document may be brought in the courts of the State of New York or of the United States for the Southern District of New York, and, by execution and delivery of this Agreement, each Credit Party hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each Credit Party further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the respective Credit Party at its address for notices pursuant to Section 12.03, such service to become effective 30 days after such mailing. Each Credit Party hereby irrevocably appoints Nabisco International, Inc., located at 345 Park Avenue, New York, New York 10154 as its agent for service of process in respect of any such action or proceeding. Nothing herein shall affect the right of any Senior Managing Agent or any Bank to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against either Credit Party in any other jurisdiction.

(b) Each Credit Party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Credit Document brought in the courts referred to in the preceding clause (a) and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

12.09 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together

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constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with Holdings and the Payments Administrator.

12.10 Effectiveness. The Payments Administrator will give Holdings and each Bank prompt written notice of the occurrence of the Effective Date.

12.11 Headings Descriptive. The table of contents and the headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

12.12 Amendment or Waiver. Except for deemed amendments provided for in Section 9.04, neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Required Banks, provided that (x) no such change, waiver, discharge or termination shall, without the consent of each Bank (other than a Defaulting Bank) with Obligations being directly affected thereby, (i) extend the scheduled final maturity of any Loan or Note, or any portion thereof, or reduce the rate or extend the time of payment of interest (other than as a result of waiving the applicability of any post-default increase in interest rates) thereon or Fees or reduce the principal amount thereof, or increase the Commitment of any Bank over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Commitment shall not constitute a change in the terms of the Commitment of any Bank), (ii) release the Guaranty, (iii) amend, modify or waive any provision of this Section, or Section 1.11, 1.12, 1.17, 2.05, 4.04, 9.01, 11.07, 12.01, 12.02, 12.04, 12.06, 12.07(b) or 12.15, (iv) reduce any percentage specified in, or otherwise modify, the definition of Required Banks or (v) consent to the assignment or transfer by either Credit Party of any of its rights and obligations under this Agreement; and (y) the financial covenants set forth in Sections 8.03(e), 8.04(i), 8.05, 8.07, 8.08 and 8.09 (and the defined terms used therein) may be adjusted with the consent of Holdings, the Borrower and the Majority SMA to the extent provided in Sections 7.09 and 12.07(a). No provision

of Section 11 may be amended or modified without the consent of any Senior Managing Agent adversely affected thereby. The obligations of Swingline Lenders to make Swingline Loans, the terms of any such Swingline Loans and the obligations of the other Banks to fund Mandatory Borrowings shall not be amended or modified without the consent of the Swingline Lenders. The terms of Section 2 shall not be amended or modified without the consent of any Letter of Credit Issuer adversely affected thereby.

12.13 Survival. All indemnities set forth herein including, without limitation, in Section 1.11, 1.12, 2.05, 4.04, 11.07 or 12.01 shall survive the execution and delivery of this Agreement and the making of the Loans, the issuances of Letters of Credit, the repayment of the Obligations and the termination of the Total Commitment.

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12.14 Domicile of Loans. Subject to Section 12.04, each Bank may transfer and carry its Loans at, to or for the account of any branch office, subsidiary or affiliate of such Bank, provided that the Borrower shall not be responsible for costs arising under Section 1.11, 1.12, 2.05 or 4.04 resulting from any such transfer (other than a transfer pursuant to Section 1.13) to the extent not otherwise applicable to such Bank prior to such transfer.

12.15 Confidentiality. Subject to Section 12.04, each Bank shall hold all non-public information furnished by or on behalf of Holdings or the Borrower in connection with such Bank's evaluation of whether to become a Bank hereunder or obtained pursuant to the requirements of this Agreement, which has been identified as such by Holdings ("Confidential Information"), in accordance with its customary procedure for handling confidential information of this nature and in accordance with safe and sound banking practices and in any event may make disclosure reasonably required by any bona fide transferee or participant (which shall be an Eligible Transferee) in connection with the contemplated transfer of any Loans or participations therein or as required or requested by any governmental agency or representative thereof or pursuant to legal process or to such Bank's attorneys, affiliates or independent auditors, provided that, unless specifically prohibited by applicable law or court order, each Bank shall notify Holdings of any request by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of such Bank by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information, and provided further, that in no event shall any Bank be obligated or required to return any materials furnished by Holdings or any Subsidiary. Each Bank agrees that it will not provide to prospective assignees, transferees or participants any of the Confidential Information unless such Person has executed a Confidentiality Agreement in the form of Exhibit E.

12.16 Waiver of Jury Trial. Each of the parties to this Agreement hereby irrevocably waives all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement, the other Credit

SECTION 13. Guaranty.

13.01 The Guaranty. In order to induce the Banks to enter into this Agreement and to extend credit hereunder and in recognition of the direct benefits to be received by the Guarantor from the proceeds of the Loans and the issuance of the Letters of Credit, the Guarantor hereby agrees with the Banks as follows: the Guarantor hereby unconditionally and irrevocably guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all indebtedness of the Borrower to the Banks. If any or all of the indebtedness

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of the Borrower to the Banks becomes due and payable hereunder, the Guarantor unconditionally promises to pay such indebtedness to the Banks, or order, on demand, together with any and all expenses which may be incurred by the Senior Managing Agents or the Banks in collecting any of the indebtedness. The word "indebtedness" is used in this Section 13 in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the Borrower arising in connection with this Agreement and any other Credit Document, in each case, heretofore, now, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether the Borrower may be liable individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter become otherwise unenforceable.

13.02 Bankruptcy. Additionally, the Guarantor unconditionally and irrevocably guarantees the payment of any and all indebtedness of the Borrower to the Banks whether or not due or payable by the Borrower upon the occurrence in respect of the Borrower of any of the events specified in Section 9.05, and unconditionally promises to pay such indebtedness to the Banks, or order, on demand, in lawful money of the United States.

13.03 Nature of Liability. The liability of the Guarantor hereunder is exclusive and independent of any security for or other guaranty of the indebtedness of the Borrower whether executed by the Guarantor, any other guarantor or by any other party, and the liability of the Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the indebtedness of the Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, or (e) any payment made to the Senior Managing Agents or the Banks on the indebtedness

which the Senior Managing Agents or such Banks repay the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and the Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

13.04 Independent Obligation. The obligations of the Guarantor hereunder are independent of the obligations of any other guarantor or the Borrower, and a separate action or actions may be brought and prosecuted against the Guarantor whether or not action is brought against any other guarantor or the Borrower and whether or not any other guarantor or the Borrower be joined in any such action or actions. The Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its

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liability hereunder or the enforcement thereof. Any payment by the Borrower or other circumstance which operates to toll any statute of limitations as to the Borrower shall operate to toll the statute of limitations as to the Guarantor.

13.05 Authorization. The Guarantor authorizes the Senior Managing Agents and the Banks without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of, the indebtedness or any part thereof in accordance with this Agreement, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any guarantor or any other party for the payment of this guaranty or the indebtedness and exchange, enforce, waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as the Senior Managing Agents and the Banks in their discretion may determine and (d) release or substitute any one or more endorsers, guarantors, the Borrower or other obligors.

13.06 Reliance. It is not necessary for the Senior Managing Agents or the Banks to inquire into the capacity or powers of the Borrower or its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

13.07 Subordination. Any indebtedness of the Borrower now or hereafter held by the Guarantor is hereby subordinated to the indebtedness of the Borrower to the Senior Managing Agents and the Banks; and such indebtedness of the Borrower to the Guarantor, if any Senior Managing Agent, after an Event of Default has occurred, so requests, shall be collected, enforced and received by the Guarantor as trustee for the Banks and be paid over to the Banks on account of the indebtedness of the Borrower to the Banks, but without affecting or impairing in any manner the liability of the Guarantor under the other provisions of this Guaranty. Prior to the transfer by the Guarantor of any note or negotiable instrument evidencing any indebtedness of the Borrower to the

Guarantor, the Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination.

13.08 Waiver. (a) The Guarantor waives any right (except as shall be required by applicable statute and cannot be waived) to require the Senior Managing Agents or the Banks to (a) proceed against the Borrower, any other guarantor or any other party, (b) proceed against or exhaust any security held from the Borrower, any other guarantor or any other party or (c) pursue any other remedy in the Senior Managing Agents' or the Banks' power whatsoever. The Guarantor waives any defense based on or arising out of any defense of the Borrower, any other guarantor or any other party other than payment

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in full of the indebtedness, including, without limitation, any defense based on or arising out of the disability of the Borrower, any other guarantor or any other party, or the unenforceability of the indebtedness or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower other than payment in full of the indebtedness. The Senior Managing Agents and the Banks may, at their election, foreclose on any security held by the Senior Managing Agents or the Banks by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Senior Managing Agents and the Banks may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of the Guarantor hereunder except to the extent the indebtedness has been paid. The Guarantor waives any defense arising out of any such election by the Senior Managing Agents and the Banks, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Guarantor against the Borrower or any other party or any security. Until all indebtedness of the Borrower to the Banks shall have been paid in full, the Guarantor shall not have any right of subrogation, and waives any right to enforce any remedy which the Senior Managing Agents and the Banks now have or may hereafter have against the Borrower, and waives any benefit of, and any right to participate in, any security now or hereafter held by the Senior Managing Agents and the Banks.

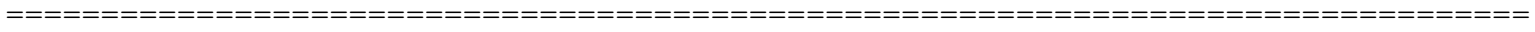
(b) The Guarantor waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. The Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the indebtedness and the nature, scope and extent of the risks which the Guarantor assumes and incurs hereunder, and agrees that the Senior Managing Agents and the Banks shall have no duty to advise the Guarantor of information known to them regarding such circumstances or risks.

13.09 Limitation on Enforcement. The Banks agree that this Guaranty may be enforced only by the action of a Senior Managing Agent acting upon the instructions of the Required Banks and that no Bank shall have any right individually to seek to enforce or to enforce this Guaranty, it being understood and agreed that such rights and remedies may be exercised by each Senior Managing Agent for the benefit of the Banks upon the terms of this Agreement.

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364 DF CREDIT AGREEMENT



CREDIT AGREEMENT

AMONG

NABISCO HOLDINGS CORP.,

NABISCO, INC.

AND

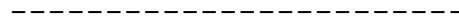
BANKERS TRUST COMPANY,
THE CHASE MANHATTAN BANK,
CITIBANK, N.A.

AND

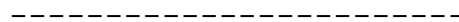
THE FUJI BANK, LIMITED,
AS SENIOR MANAGING AGENTS

AND

VARIOUS LENDING INSTITUTIONS



Dated as of October 31, 1996



\$1,500,000,000

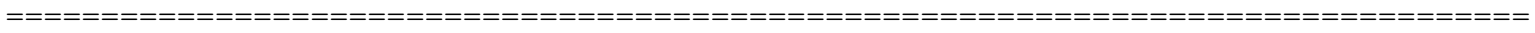


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CREDIT AGREEMENT, dated as of October 31, 1996, among NABISCO HOLDINGS CORP., a Delaware corporation ("Holdings"), NABISCO, INC., a New Jersey corporation (the "Borrower"), and the lending institutions listed from time to time on Annex I hereto (each, a "Bank" and, collectively, the "Banks"). Unless otherwise defined herein, all capitalized terms used herein and defined in Section 10 are used herein as so defined.

W I T N E S S E T H :

WHEREAS, subject to and upon the terms and conditions herein set forth, the Banks are willing to make available the credit facility provided for herein.

NOW, THEREFORE, IT IS AGREED:

SECTION 1. Amount and Terms of Credit.

1.01 Commitments. (a) Subject to and upon the terms and conditions herein set forth, each Bank severally agrees to make a loan or loans (each, a "Revolving Loan" and, collectively, the "Revolving Loans") to the Borrower, which Revolving Loans:

(i) shall be made at any time and from time to time on and after the Effective Date and prior to the Commitment Expiry Date;

(ii) may, at the option of the Borrower, be incurred and maintained as, and/or converted into, Reference Rate Loans or Eurodollar Loans, provided that all Revolving Loans made by all Banks pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Revolving Loans of the same Type;

(iii) may be repaid and reborrowed in accordance with the provisions hereof; and

(iv) shall not exceed for any Bank at any time of incurrence thereof and after giving effect thereto and the use of the proceeds thereof that aggregate principal amount which, when added to the product of (x) such Bank's Percentage and (y) the sum of (I) the aggregate outstanding principal amount of all Competitive Bid Loans then outstanding and (II) Commercial Paper Outstandings at such time, equals the Commitment of such Bank at such time.

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(b) Subject to and upon the terms and conditions herein set forth, each Bank severally agrees that the Borrower may incur a loan or loans (each, a "Competitive Bid Loan" and, collectively, the "Competitive Bid Loans") pursuant to a Competitive Bid Borrowing from time to time on and after the Effective Date and prior to the date which is the third Business Day preceding the date which is 14 days prior to the Commitment Expiry Date, provided, that after giving effect to any Competitive Bid Borrowing and the use of the proceeds thereof, the aggregate outstanding principal amount of Competitive Bid Loans when combined with the aggregate outstanding principal amount of all Revolving Loans then outstanding and the aggregate Commercial Paper Outstandings at such time shall not exceed the Total Commitment at such time. Within the foregoing limits and subject to the conditions set out in Section 1.04, Competitive Bid Loans may be repaid and reborrowed in accordance with the provisions hereof.

1.02 Minimum Amount of Each Borrowing; Maximum Number of Borrowings. The aggregate principal amount of each Borrowing of Revolving Loans shall not be less than the Minimum Borrowing Amount. More than one Borrowing may be incurred on any date; provided that at no time shall there be outstanding more than eight Borrowings of Eurodollar Loans under this Agreement.

1.03 Notice of Borrowing of Revolving Loans. (a) Whenever the

Borrower desires to incur Revolving Loans hereunder, it shall give the Payments Administrator at the Payments Administrator's Office (x) prior to 11:00 A.M. (New York time) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Revolving Loans constituting Eurodollar Loans and (y) prior to 11:00 A.M. (New York time) prior written notice (or telephonic notice promptly confirmed in writing) on the date of each Borrowing of Revolving Loans constituting Reference Rate Loans. Each such notice (each, a "Notice of Borrowing") shall be irrevocable and shall specify: (i) the aggregate principal amount of the Revolving Loans to be made pursuant to such Borrowing; (ii) the date of Borrowing (which shall be a Business Day); and (iii) whether the respective Borrowing shall consist of Reference Rate Loans or Eurodollar Loans and, if Eurodollar Loans, the Interest Period to be initially applicable thereto. The Payments Administrator shall promptly give each Bank written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Revolving Loans, of such Bank's proportionate share thereof and of the other matters covered by the Notice of Borrowing.

(b) Without in any way limiting the obligation of the Borrower to confirm in writing any notice it may give hereunder by telephone, the Payments Administrator may act prior to receipt of written confirmation without liability upon the basis of such telephonic notice, believed by the Payments Administrator in good faith to be from the Chairman, Chief Financial Officer or Treasurer of the Borrower, or from any other person designated in writing to the Payments Administrator by the Chief Financial Officer or

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Treasurer of the Borrower as a person entitled to give telephonic notices under this Agreement on behalf of the Borrower. In each such case the Borrower hereby waives the right to dispute the Payments Administrator's record of the terms of any such telephonic notice.

1.04 Competitive Bid Borrowings. (a) Whenever the Borrower desires to incur a Competitive Bid Borrowing, it shall deliver to the Payments Administrator at the Payments Administrator's Office, prior to 11:00 A.M. (New York time) (x) at least four Business Days prior to the date of such proposed Competitive Bid Borrowing, in the case of a Spread Borrowing, and (y) at least one Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of an Absolute Rate Borrowing, a written notice (a "Notice of Competitive Bid Borrowing"), which notice shall specify in each case (i) the date (which shall be a Business Day) and the aggregate amount of the proposed Competitive Bid Borrowing, (ii) the maturity date for repayment of each and every Competitive Bid Loan to be made as part of such Competitive Bid Borrowing (which maturity date may be (A) one, two, three or six months after the date of such Competitive Bid Borrowing in the case of a Spread Borrowing and (B) between 7 and 180 days, inclusive, after the date of such Competitive Bid Borrowing in the case of an Absolute Rate Borrowing, provided that in no event shall the maturity date of any Competitive Bid Borrowing be later than the third Business

Day preceding the Commitment Expiry Date), (iii) the interest payment date or dates relating thereto, (iv) whether the proposed Competitive Bid Borrowing is to be an Absolute Rate Borrowing or a Spread Borrowing, and if a Spread Borrowing, the Interest Rate Basis, and (v) any other terms to be applicable to such Competitive Bid Borrowing. The Payments Administrator shall promptly notify each Bidder Bank of each such request for a Competitive Bid Borrowing received by it from the Borrower by telecopying to each such Bidder Bank a copy of the related Notice of Competitive Bid Borrowing.

(b) Each Bidder Bank shall, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Loans to the Borrower as part of such proposed Competitive Bid Borrowing at a rate or rates of interest (which shall be a specified Spread over or under the Interest Rate Basis in the case of a Spread Borrowing or an Absolute Rate in the case of an Absolute Rate Borrowing) specified by such Bank in its sole discretion and determined by such Bank independently of each other Bank, by notifying the Payments Administrator (which shall give prompt notice thereof to the Borrower) before 10:00 A.M. (New York time) on the date (the "Reply Date") which is (x) in the case of an Absolute Rate Borrowing, the date of such proposed Competitive Bid Borrowing and (y) in the case of a Spread Borrowing, three Business Days before the date of such proposed Competitive Bid Borrowing, of the minimum amount and maximum amount of each Competitive Bid Loan which such Bank would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts may, subject to the proviso to Section 1.01(b), exceed such Bank's Commitment), the rate or rates of interest therefor and such Bank's lending office with respect to such Competitive Bid Loan, provided that

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if the Payments Administrator in its capacity as a Bank shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:30 A.M. (New York time) on the Reply Date. Any Bidder Bank not giving the Payments Administrator the notice specified in the preceding sentence shall not be obligated to, and shall not, make any Competitive Bid Loan as part of such Competitive Bid Borrowing.

(c) The Borrower shall, in turn, before 11:00 A.M. (New York time) (x) on the Reply Date in the case of a proposed Absolute Rate Borrowing and (y) on the Business Day following the Reply Date in the case of a proposed Spread Borrowing, either:

(i) cancel such Competitive Bid Borrowing by giving the Payments Administrator notice to such effect, or

(ii) accept one or more of the offers made by any Bidder Bank or Banks by giving notice (in writing or by telephone confirmed in writing) to the Payments Administrator of the amount of each Competitive Bid Loan (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the

Payments Administrator on behalf of such Bidder Bank for such Competitive Bid Borrowing) to be made by each Bidder Bank as part of such Competitive Bid Borrowing, and reject any remaining offers made by Banks by giving the Payments Administrator notice to that effect, provided that (x) acceptance of offers may only be made on the basis of ascending Absolute Rates (in the case of an Absolute Rate Borrowing) or Spreads (in the case of a Spread Borrowing), commencing with the lowest rate so offered and (y) if offers are made by two or more Bidder Banks at the same rate and acceptance of all such equal offers would result in a greater principal amount of Competitive Bid Loans being accepted than the aggregate principal amount requested by the Borrower, the Borrower shall then have the right to accept one or more such equal offers in their entirety and reject the other equal offer or offers or to allocate acceptance among all such equal offers (but giving effect to the minimum and maximum amounts specified for each such offer), as the Borrower may elect in its sole discretion, provided further that in no event shall the aggregate principal amount of the Competitive Bid Loans accepted by the Borrower as part of a Competitive Bid Borrowing exceed the amount specified by the Borrower in the related Notice of Competitive Bid Borrowing.

(d) If the Borrower notifies the Payments Administrator that such Competitive Bid Borrowing is cancelled, the Payments Administrator shall give prompt notice thereof to the Bidder Banks and such Competitive Bid Borrowing shall not be made.

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(e) If the Borrower accepts one or more of the offers made by any Bidder Bank or Banks, the Payments Administrator shall in turn promptly notify (x) each Bidder Bank that has made an offer of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any offer or offers made by such Bidder Bank have been accepted by the Borrower and (y) each Bidder Bank that is to make a Competitive Bid Loan as part of such Competitive Bid Borrowing of the amount of each Competitive Bid Loan to be made by such Bidder Bank.

(f) On the last Business Day of each calendar quarter, the Payments Administrator shall notify the Banks of the aggregate principal amount of Competitive Bid Loans outstanding at such time.

1.05 Disbursement of Funds. (a) No later than 1:00 P.M. (New York time) on the date of each Borrowing, each Bank will make available its pro rata portion, if any, of each Borrowing requested to be made on such date in the manner provided below.

(b) Each Bank shall make available all amounts it is to fund under any Borrowing in U.S. dollars and immediately available funds to the Payments Administrator at the Payments Administrator's Office and the Payments Administrator will make available to the Borrower by depositing to its account at the Payments Administrator's Office the aggregate of the amounts so made

available in U.S. dollars and the type of funds received. Unless the Payments Administrator shall have been notified by any Bank prior to the date of any such Borrowing that such Bank does not intend to make available to the Payments Administrator its portion of the Borrowing or Borrowings to be made on such date, the Payments Administrator may assume that such Bank has made such amount available to the Payments Administrator on such date of Borrowing, and the Payments Administrator, in reliance upon such assumption, may (in its sole discretion and without any obligation to do so) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Payments Administrator by such Bank and the Payments Administrator has made available same to the Borrower, the Payments Administrator shall be entitled to recover such corresponding amount from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Payments Administrator's demand therefor, the Payments Administrator shall promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Payments Administrator. The Payments Administrator shall also be entitled to recover from such Bank or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Payments Administrator to the Borrower to the date such corresponding amount is recovered by the Payments Administrator, at a rate per annum equal to (x) if paid by such Bank, the overnight Federal Funds Rate or (y) if paid by the Borrower, the then applicable rate of interest, calculated in accordance with Section 1.09, for the respective Loans.

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(c) Nothing in this Section 1.05 shall be deemed to relieve any Bank from its obligation to fulfill its commitments hereunder or to prejudice any rights which the Borrower may have against any Bank as a result of any default by such Bank hereunder.

1.06 Notes; Register. (a) The Borrower's obligation to pay the principal of, and interest on, the Revolving Loans made by each Bank shall, except as provided in Sections 1.14 and 12.04, be evidenced by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit A with blanks appropriately completed in conformity herewith (each, a "Note" and, collectively, the "Notes").

(b) The Note issued to each Bank shall: (i) be payable to the order of such Bank and be dated the Effective Date; (ii) be in a stated principal amount equal to the Commitment of such Bank and be payable in the principal amount of the Revolving Loans evidenced thereby; (iii) mature on the Maturity Date; and (iv) bear interest as provided in the appropriate clause of Section 1.09 in respect of the Reference Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby.

(c) Each Bank will note on its internal records the amount of each Loan made by it and each payment in respect thereof and will prior to any transfer of its Note endorse on the reverse side thereof the outstanding

principal amount of Revolving Loans evidenced thereby. Failure to make any such notation or any error in any such notation shall not affect the Borrower's obligations in respect of such Revolving Loans.

(d) The Payments Administrator shall maintain at the Payments Administrator's Office a register for the recordation of the names and addresses of the Banks, the Commitments of the Banks from time to time, and the principal amount of the Revolving Loans and Competitive Bid Loans owing to each Bank from time to time, together with the maturity and interest rates applicable to each such Competitive Bid Loan and other terms applicable thereto (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error. The Register shall be available for inspection by the Borrower or any Bank at any reasonable time and from time to time upon reasonable prior notice.

1.07 Conversions. The Borrower shall have the option to convert on any Business Day all or a portion equal to at least the Minimum Borrowing Amount of the outstanding principal amount of Revolving Loans of one Type into a Borrowing or Borrowings of another Type, provided that: (i) no partial conversion of Eurodollar Loans shall reduce the outstanding principal amount of Eurodollar Loans made pursuant to a single Borrowing to less than the Minimum Borrowing Amount; (ii) Reference Rate Loans may only be converted into Eurodollar Loans if no Event of Default is in existence on the date of the conversion; and (iii) Borrowings resulting from conversions pursuant to this Section 1.07 shall be limited in number as provided in Section 1.02. Each such conversion shall

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be effected by the Borrower by giving the Payments Administrator at the Payments Administrator's Office prior to 11:00 A.M. (New York time) at least three Business Days' (or one Business Day's in the case of a conversion into Reference Rate Loans) prior written notice (or telephonic notice promptly confirmed in writing) (each, a "Notice of Conversion") specifying the Revolving Loans to be so converted, the Type of Revolving Loans to be converted into and, if to be converted into Eurodollar Loans, the Interest Period to be initially applicable thereto. The Payments Administrator shall give each Bank notice as promptly as practicable of any such proposed conversion affecting any of its Revolving Loans.

1.08 Pro Rata Borrowings. All Borrowings of Revolving Loans under this Agreement shall be loaned by the Banks pro rata on the basis of their Percentages; provided, that the Borrower may make a Borrowing from an existing Bank or a New Bank which agrees to a commitment increase pursuant to Section 1.16 on a non-pro-rata basis in an amount equal to such Bank's or New Bank's Percentage of the Total Commitment (after giving effect to any such commitment increase). It is understood that no Bank shall be responsible for any default by any other Bank in its obligation to make Loans hereunder and that each Bank shall be obligated to make the Loans provided to be made by it hereunder,

regardless of the failure of any other Bank to fulfill its commitments hereunder.

1.09 Interest. (a) The unpaid principal amount of each Reference Rate Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum which shall at all times be the Reference Rate in effect from time to time.

(b) The unpaid principal amount of each Eurodollar Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum which shall at all times be the Applicable Eurodollar Margin plus the relevant Eurodollar Rate.

(c) The unpaid principal amount of each Competitive Bid Loan shall bear interest from the date the proceeds thereof are made available to the Borrower until maturity (whether by acceleration or otherwise) at the rate or rates per annum specified by a Bidder Bank or Banks, as the case may be, pursuant to Section 1.04(b) and accepted by the Borrower pursuant to Section 1.04(c).

(d) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan shall bear interest at a rate per annum equal to 2% in excess of the Reference Rate in effect from time to time; provided that each Eurodollar Loan and Competitive Bid Loan shall bear interest after maturity (whether by acceleration or otherwise) until the end of the Interest Period then applicable thereto at a rate per annum equal to 2% in excess of the rate of interest applicable thereto at maturity.

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(e) Interest on each Loan shall accrue from and including the date of any Borrowing to but excluding the date of any repayment thereof and shall be payable: (i) in respect of each Reference Rate Loan, quarterly in arrears on the 15th day of each January, April, July and October; (ii) in respect of any Competitive Bid Loan, at such times as specified in the Notice of Competitive Bid Borrowing relating thereto; (iii) in respect of each Eurodollar Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the first day of such Interest Period; (iv) in respect of each Loan (other than a Reference Rate Loan), on any prepayment (on the amount prepaid); and (v) in respect of each Loan, at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(f) All computations of interest hereunder shall be made in accordance with Section 12.07(b).

(g) The Payments Administrator, upon determining the interest rate for any Borrowing of Eurodollar Loans for any Interest Period, shall promptly notify the Borrower and the Banks thereof.

1.10 Interest Periods. At the time the Borrower gives a Notice of Borrowing or Notice of Conversion in respect of the making of, or conversion into, a Borrowing of Eurodollar Loans (in the case of the initial Interest Period applicable thereto) or prior to 11:00 A.M. (New York time) on the third Business Day prior to the expiration of an Interest Period applicable to a Borrowing of Eurodollar Loans, it shall have the right to elect the Interest Period applicable to such Borrowing by giving the Payments Administrator written notice (or telephonic notice promptly confirmed in writing) thereof, which Interest Period shall, at the option of the Borrower, be a one, two, three or six month period. Notwithstanding anything to the contrary contained above:

(i) the initial Interest Period for any Borrowing of Eurodollar Loans shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of Reference Rate Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period relating to a Borrowing of Eurodollar Loans or a Spread Borrowing priced by reference to the Eurodollar Rate begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

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(iii) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day, provided that if any Interest Period in respect of a Eurodollar Loan or a Spread Borrowing priced by reference to the Eurodollar Rate would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day; and

(iv) no Interest Period in respect of Eurodollar Loans shall extend beyond the Maturity Date.

Notwithstanding the foregoing, if an Event of Default is in existence at the time any Interest Period in respect of any Eurodollar Loans is to expire, such Eurodollar Loans may not be continued as Eurodollar Loans but instead shall be automatically converted on the last day of such Interest Period into Reference Rate Loans. If upon the expiration of any Interest Period in respect of Eurodollar Loans, the Borrower has failed to elect a new Interest Period to be applicable thereto as provided above, the Borrower shall be deemed to have elected to convert such Borrowing into a Borrowing of Reference Rate Loans effective as of the expiration date of such current Interest Period.

1.11 Increased Costs, Illegality, etc. (a) In the event that (x) in

the case of clause (i) below, the Majority SMA or (y) in the case of clauses (ii) and (iii) below, any Bank shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto):

(i) on any date for determining the Eurodollar Rate for any Interest Period that, by reason of any changes arising on or after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loans or Competitive Bid Loans because of (x) any change since the date of this Agreement (or, in the case of any such cost or reduction with respect to any Competitive Bid Loan, since the date of the making of such Competitive Bid Loan) in any applicable law, governmental rule, regulation, guideline or order (or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, guideline or order) (such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in the compu-

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tation of the Eurodollar Rate) and/or (y) other circumstances affecting the interbank Eurodollar market; or

(iii) at any time, that the making or continuance of any Loan (other than Reference Rate Loans) has become unlawful by compliance by such Bank in good faith with any law, governmental rule, regulation, guideline or order (or would conflict with any such governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), or, in the case of a Eurodollar Loan, has become impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Bank (or the Majority SMA, in the case of clause (i) above) shall on such date give notice (if by telephone confirmed in writing) to the Borrower and to the Payments Administrator of such determination (which notice the Payments Administrator shall promptly transmit to each of the other Banks). Thereafter (x) in the case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the Payments Administrator notifies the Borrower and the Banks that the circumstances giving rise to such notice by the Majority SMA no longer exist, and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to Eurodollar Loans which have not yet been incurred shall be deemed rescinded by the Borrower, (y)

in the case of clause (ii) above, the Borrower shall pay to such Bank, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as shall be required to compensate such Bank for such increased costs or reductions in amounts receivable hereunder (a written notice as to the additional amounts owed to such Bank, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Bank shall, absent manifest error, be final and conclusive and binding upon all parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 1.11(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any Eurodollar Loan or Competitive Bid Loan is affected by the circumstances described in Section 1.11(a)(ii) (for Eurodollar Loans only) or (iii), the Borrower may (and in the case of a Eurodollar Loan or Competitive Bid Loan affected pursuant to Section 1.11(a)(iii) shall) either (x) if the affected Eurodollar Loan or Competitive Bid Loan is then being made pursuant to a Borrowing, cancel said Borrowing by giving the Payments Administrator telephonic notice (confirmed promptly in writing) thereof as promptly as practicable after the Borrower was notified by a Bank pursuant to Section 1.11(a)(ii) or (iii), (y) if the affected Eurodollar Loan is then outstanding, upon at least three Business Days' notice to the Payments Administrator, require the affected Bank to convert each such Eurodollar Loan into a Reference Rate Loan or (z) if the affected

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Competitive Bid Loan is then outstanding, prepay such Competitive Bid Loan in full, provided that if more than one Bank is affected in a similar manner at any time, then all such similarly affected Banks must be treated the same pursuant to this Section 1.11(b).

(c) If after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by a Bank or its parent with any request or directive made or adopted after the date hereof regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's or its parents' capital or assets as a consequence of such Bank's commitments or obligations hereunder to a level below that which such Bank or its parent could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Bank's or its parent's policies with respect to capital adequacy), then from time to time, within 15 days after demand by such Bank (with a copy to the Payments Administrator), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank or its parent for such reduction. Each Bank, upon determining in good faith that any additional amounts will be payable pursuant to this Section 1.11(c),

will give prompt written notice thereof to the Borrower, which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts, although the failure to give any such notice shall not, subject to Section 1.15, release or diminish any of the Borrower's obligations to pay additional amounts pursuant to this Section 1.11(c) upon receipt of such notice.

1.12 Compensation. The Borrower shall compensate each Bank, upon its written request (which request shall set forth in reasonable detail the basis for requesting such compensation), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Bank to fund its Eurodollar Loans or Competitive Bid Loans but excluding any loss of anticipated profit with respect to such Loans) which such Bank may sustain: (i) if for any reason (other than a default by such Bank or the Payments Administrator) a Borrowing of Eurodollar Loans or Competitive Bid Loans accepted by the Borrower in accordance with Section 1.04(c) (ii) does not occur on a date specified therefor in a Notice of Borrowing, Notice of Competitive Bid Borrowing or Notice of Conversion (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to Section 1.11); (ii) if any repayment or conversion of any of its Eurodollar Loans or any repayment of Competitive Bid Loans occurs on a date which is not the last day of an Interest Period applicable thereto; (iii) if any prepayment of any of its Eurodollar Loans is not made on any date specified in a notice of prepayment given by the Borrower; or (iv) as a consequence of (x) any other default by the Borrower to repay its Eurodollar Loans or Competitive Bid Loans when required by the terms of this Agreement or (y) an

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election made pursuant to Section 1.11(b). Calculation of all amounts payable to a Bank under this Section 1.12 in respect of Eurodollar Loans shall be made as though that Bank had actually funded its relevant Eurodollar Loan through the purchase of a Eurodollar deposit bearing interest at the Eurodollar Rate in an amount equal to the amount of that Loan, having a maturity comparable to the relevant Interest Period and through the transfer of such Eurodollar deposit from an offshore office of that Bank to a domestic office of that Bank in the United States of America; provided, however, that each Bank may fund each of its Eurodollar Loans in any manner it sees fit and the foregoing assumption shall be utilized only for the calculation of amounts payable under this Section 1.12.

1.13 Change of Lending Office. Each Bank agrees that, upon the occurrence of any event giving rise to the operation of Section 1.11(a) (ii) or (iii) or 3.04 with respect to such Bank, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another lending office for any Loans affected by such event; provided, that such designation is made on such terms that such Bank and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section. Nothing in this Section 1.13 shall affect or postpone any of

the obligations of the Borrower or the right of any Bank provided in Section 1.11 or 3.04.

1.14 Replacement of Banks. If (x) any Bank becomes a Defaulting Bank or otherwise defaults in its obligations to make Loans, (y) any Bank refuses to give timely consent to proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Banks or (z) any Bank is owed increased costs under Section 1.11 or Section 3.04 which in the judgment of the Borrower are material in amount and which are not otherwise requested generally by the other Banks, the Borrower shall have the right, if no Event of Default then exists and, in the case of a Bank described in clause (z) above, such Bank has not withdrawn its request for such compensation or changed its applicable lending office with the effect of eliminating or substantially decreasing (to a level which in the judgment of the Borrower is not material) such increased cost, to replace such Bank (the "Replaced Bank") with one or more other Eligible Transferee or Transferees (collectively, the "Replacement Bank") reasonably acceptable to the Majority SMA, provided that (i) at the time of any replacement pursuant to this Section 1.14, the Replacement Bank shall enter into one or more Assignment Agreements pursuant to which the Replacement Bank shall acquire all of the Commitment and outstanding Loans of the Replaced Bank and, in connection therewith, shall pay to (x) the Replaced Bank in respect thereof an amount equal to the sum of (a) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Replaced Bank and (b) an amount equal to all accrued, but theretofore unpaid, Fees owing to the Replaced Bank pursuant to Section 2.01, (ii) all obligations of the Borrower owing to the Replaced Bank (other than those specifically described in clause (i) above in respect of which the

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assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Bank concurrently with such replacement and (iii) in the event that such Replaced Bank is a party to the Nabisco Credit Agreement, the Borrower shall also take the actions specified in Section 1.14 of the Nabisco Credit Agreement and replace such Bank as a Bank thereunder. Upon the execution of the respective assignment documentation, the payment of amounts referred to in clauses (i) and (ii) above and, if so requested by the Replacement Bank, delivery to the Replacement Bank of the appropriate Note executed by the Borrower, the Replacement Bank shall become a Bank hereunder and the Replaced Bank shall cease to constitute a Bank hereunder, except with respect to indemnification provisions under this Agreement, which shall survive as to such Replaced Bank.

1.15 Notice of Certain Costs. Notwithstanding anything in this Agreement to the contrary, to the extent any notice required by Section 1.11 is given by any Bank more than 180 days after the occurrence of the event giving rise to the additional cost, reduction in amounts or other additional amounts of the type described in such Section, such Bank shall not be entitled to compensation under Section 1.11 for any such amounts incurred or accruing prior

to the giving of such notice to the Borrower.

1.16 Commitment Increases. (a) The Banks hereby acknowledge and agree that the Borrower may at any time prior to the Commitment Expiry Date, but no more than once during any calendar quarter, increase the Total Commitment under this Agreement, in incremental amounts of \$10,000,000, by an aggregate amount not in excess of \$500,000,000 for all such increases by either requesting a Bank or Banks to increase its Commitment or Commitments (provided that no Bank shall be required to agree to any such increase) or by requesting a financial institution that is an Eligible Transferee to become a party to this Agreement (such institution, a "New Bank"), provided that (i) no Event of Default has occurred and is continuing at the time of any such increase, (ii) the Credit Rating shall be either an Increased Investment Grade Rating or a Maximum Investment Grade Rating at the time of any such increase, (iii) the Borrower shall deliver a notice of such increase to the Payments Administrator describing (x) the amount of such increase and the Total Commitment after giving effect to such increase and (y) the Bank(s) or New Bank(s) agreeing to such increase and the amount of each such entity's Commitment after giving effect to such increase, and (iv) the Borrower and each such Bank or New Bank shall deliver an Agreement of Commitment Increase to the Payments Administrator. Any such Total Commitment increase will become effective upon (A) in the case of New Banks only, the payment to the Payments Administrator of a nonrefundable fee of \$2,500 and (B) in all cases, the recording by the Payments Administrator of such addition to the Total Commitment in the Register, the Payments Administrator hereby agreeing to effect such recordation no later than three Business Days after its receipt of an Agreement of Commitment Increase. Upon the effectiveness of any additional Commitment pursuant to this Section 1.16, (x) the New Bank, if any, will become a "Bank" for all purposes of this

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Agreement and the other Credit Documents with a Commitment as so recorded by the Payments Administrator in the Register and (y) the Borrower shall issue to the respective Bank or New Bank a new Note. The Payments Administrator will prepare on the last Business Day of each calendar quarter during which an increase has become effective pursuant to this Section 1.16 a new Annex I hereto giving effect to all such increases effected during such quarter and will promptly provide same to the Borrower and each of the Banks.

(b) If the Total Commitment is increased pursuant to Section 1.16(a) at a time when Loans are outstanding, then the Borrower shall take all such actions as appropriate to repay and reborrow Loans (but without any obligation to repay Eurodollar Loans other than on the last day of an Interest Period applicable thereto and without regard to the provisions of the first sentence of Section 1.08), so that, as soon as practicable, the outstanding principal amount of the Loans of each Non-Defaulting Bank equals such Bank's Percentage of the aggregate outstanding principal amount of all Loans of all Non-Defaulting Banks.

SECTION 2. Fees; Commitments.

2.01 Fees. (a) The Borrower agrees to pay the Payments Administrator a facility fee (the "Facility Fee") for the account of each Non-Defaulting Bank for the period from and including the Effective Date to but not including the Termination Date computed for each day at a rate equal to the Facility Fee Percentage for such day multiplied by the then Commitment of such Bank (or if after the date the Total Commitment has terminated, on the then aggregate outstanding principal amount of Loans made by such Bank). Such Facility Fee shall be due and payable quarterly in arrears on the 15th day of each January, April, July and October and on the Termination Date.

(b) The Borrower agrees to pay to the Payments Administrator a utilization fee (the "Utilization Fee") for the account of the Banks pro rata on the basis of their respective Adjusted Percentages, computed for each day during a Utilization Period at a rate equal to the Applicable Utilization Fee Percentage for such day multiplied by the daily average Total Adjusted Utilization Amount for such Utilization Period. Such Utilization Fee shall be due and payable in arrears on the 15th day of the month following the end of each Utilization Period and on the Termination Date.

(c) The Borrower shall pay the Payments Administrator for the account of each Senior Managing Agent and each Bank the fees specified in the accepted commitment letter, or related fee letter, executed by such Senior Managing Agent or such Bank, as the case may be, when and as due.

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(d) All computations of Fees shall be made in accordance with Section 12.07(b).

2.02 Voluntary Reduction of Commitments. Upon at least three Business Days' prior written notice (or telephonic notice confirmed in writing) to the Payments Administrator at the Payments Administrator's Office (which notice the Payments Administrator shall promptly transmit to each of the Banks), the Borrower shall have the right, without premium or penalty, to terminate the Total Unutilized Commitment, in part or in whole (or, to the extent that at such time there are no Loans outstanding, to terminate the Total Commitment, in whole); provided, that (x) any such termination shall apply to proportionately and permanently reduce the Commitment of each of the Banks and (y) any partial reduction pursuant to this Section 2.02 shall be in the amount of at least \$50,000,000.

2.03 Mandatory Reduction of Commitments, etc. (a) The Total Commitment (and the Commitment of each Bank) shall be terminated on the Expiration Date unless the Effective Date has occurred on or before such date.

(b) On the date which is the earlier of (x) 30 days after any date on which a Change of Control occurs and (y) the date on which any Indebtedness of the Borrower in excess of \$100,000,000 individually or \$250,000,000 in the

aggregate is required to be repurchased as a result of any such Change of Control, the Total Commitment shall be reduced to zero.

(c) The Total Commitment shall terminate on the Commitment Expiry Date.

SECTION 3. Payments.

3.01 Voluntary Prepayments. The Borrower shall have the right to prepay Revolving Loans in whole or in part from time to time on the following terms and conditions: (i) the Borrower shall give the Payments Administrator at the Payments Administrator's Office written notice (or telephonic notice promptly confirmed in writing) of its intent to make such prepayment, the amount of such prepayment and (in the case of Eurodollar Loans) the specific Borrowing(s) pursuant to which made, which notice shall be given by the Borrower no later than 11:00 A.M. (New York time) one Business Day prior to such prepayment and shall promptly be transmitted by the Payments Administrator to each of the Banks; (ii) each partial prepayment of any Borrowing shall be in an aggregate principal amount of at least \$25,000,000, provided that no partial prepayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Revolving Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount for Eurodollar Loans; and (iii) each prepayment in respect of any Revolving Loans made pursuant to a Borrowing shall be applied pro rata among such Revolving Loans, provided

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that at the Borrower's election in connection with any prepayment pursuant to this Section 3.01, such prepayment shall not be applied to any Revolving Loan of a Defaulting Bank at any time when the aggregate amount of Revolving Loans of any Non-Defaulting Bank exceeds such Non-Defaulting Bank's Percentage of all Revolving Loans then outstanding. The Borrower shall not have the right to voluntarily prepay any Competitive Bid Loans.

3.02 Mandatory Prepayments.

(A) Requirements. If on any date prior to the Commitment Expiry Date the sum of the outstanding principal amount of Revolving Loans made by Non-Defaulting Banks and Competitive Bid Loans and the aggregate amount of Commercial Paper Outstandings (all the foregoing, collectively, the "Aggregate Outstandings") exceeds the Adjusted Total Commitment as then in effect, the Borrower shall repay on such date the principal of the Revolving Loans in an amount equal to such excess. If, after giving effect to the prepayment of all outstanding Revolving Loans, the Aggregate Outstandings exceed the Adjusted Total Commitment then in effect, the Borrower shall repay on such date the principal of Competitive Bid Loans in an aggregate amount equal to such excess, provided that no Competitive Bid Loan shall be prepaid pursuant to this sentence unless the Bank that made same consents to such prepayment.

(B) Application. With respect to each prepayment of Loans required by this Section 3.02, the Borrower may designate the Types of Loans which are to be prepaid and the specific Borrowing(s) pursuant to which made, provided that: (i) if any prepayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Revolving Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount for Eurodollar Loans, such Borrowing shall immediately be converted into Reference Rate Loans; (ii) each prepayment of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans; and (iii) notwithstanding the provisions of the preceding clause (ii), no prepayment made pursuant to Section 3.02(A) of Revolving Loans shall be applied to the Revolving Loans of any Defaulting Bank. In the absence of a designation by the Borrower as described in the preceding sentence, the Payments Administrator shall, subject to the above, make such designation in its sole discretion with a view, but no obligation, to minimize breakage costs owing under Section 1.12.

3.03 Method and Place of Payment. (a) Except as otherwise specifically provided herein, all payments under this Agreement shall be made to the Payments Administrator for the ratable account of the Banks entitled thereto, not later than 1:00 P.M. (New York time) on the date when due and shall be made in immediately available funds and in lawful money of the United States of America at the Payments Administrator's Office, it being understood that written, telex or facsimile transmission notice by the Borrower to the Payments Administrator to make a payment from the funds in the Borrower's account at the Payments Administrator's Office shall constitute the making of such

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payment to the extent of such funds held in such account. The Payments Administrator will thereafter cause to be distributed on the same day (if payment was actually received by the Payments Administrator prior to 2:00 P.M. (New York time) on such day) like funds relating to the payment of principal or interest or Fees ratably to the Banks entitled thereto. If and to the extent that any such distribution shall not be so made by the Payments Administrator in full on the same day (if payment was actually received by the Payments Administrator prior to 2:00 P.M. (New York time) on such day), the Payments Administrator shall pay to each Bank its ratable amount thereof and each such Bank shall be entitled to receive from the Payments Administrator, upon demand, interest on such amount at the overnight Federal Funds Rate for each day from the date such amount is paid to the Payments Administrator until the date the Payments Administrator pays such amount to such Bank.

(b) Any payments under this Agreement which are made later than 1:00 P.M. (New York time) shall be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension.

3.04 Net Payments. (a) All payments made by the Borrower hereunder will be made without setoff or counterclaim. The Borrower will pay, prior to the date on which penalties attach thereto, all present and future income, stamp and other taxes, levies, or costs and charges whatsoever imposed, assessed, levied or collected on or in respect of a Loan and/or the recording, registration, notarization or other formalization thereof and/or any payments of principal, interest or other amounts made on or in respect of a Loan (all such taxes, levies, costs and charges being herein collectively called "Taxes"; provided that Taxes shall not include taxes imposed on or measured by the overall net income of that Bank (or any alternative tax imposed generally by any relevant jurisdiction in lieu of a tax on net income) by the United States of America or any political subdivision or taxing authority thereof or therein, taxes imposed under Section 884 of the Code or taxes on or measured by the overall net income (or any alternative tax imposed generally by any relevant jurisdiction in lieu of a tax on net income) of that Bank or any foreign office, branch or subsidiary of that Bank by any foreign country or subdivision thereof in which that Bank or that office, branch or subsidiary is doing business). The Borrower shall also pay such additional amounts equal to increases in taxes payable by that Bank described in the foregoing proviso which increases are attributable to payments made by the Borrower described in the immediately preceding sentence of this Section. Promptly after the date on which payment of any such Tax is due pursuant to applicable law, the Borrower will, at the request of that Bank, furnish to that Bank evidence, in form and substance satisfactory to that Bank, that the Borrower has met its obligation under this Section 3.04. The Borrower will indemnify each Bank against, and reimburse each Bank on demand for,

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any Taxes, as determined by that Bank in its good faith and reasonable discretion. Such Bank shall provide the Borrower with appropriate receipts for any payments or reimbursements made by the Borrower pursuant to this Section 3.04.

(b) Each Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes agrees to provide to the Borrower on or prior to the Effective Date, or in the case of a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.14 or Section 12.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or transfer and such Bank is in compliance with the provisions of this Section 3.04(b)), on the date of such assignment or transfer to such Bank, two accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001 (or successor forms) certifying to such Bank's entitlement to a complete exemption from United States withholding tax with respect to payments to be made under this Agreement or any Note. Each Bank that is a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, but that is not a corporation (as such term is defined in Section 7701(a)(3) of the Code) for such purposes, agrees to provide to the Borrower on

or prior to the Effective Date, or in the case of a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.14 or Section 12.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or transfer and such Bank is in compliance with the provisions of this Section 3.04(b)), on the date of such assignment to such Bank, two accurate and complete original signed copies of Internal Revenue Service Form W-9 (or successor form). In addition, each such Bank agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Borrower two new accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Bank to a continued exemption from United States withholding tax with respect to payments under this Agreement or any Note, or it shall immediately notify the Borrower and the Administrative Agent of its inability to deliver any such form. Notwithstanding anything to the contrary contained in Section 3.04(a), (x) the Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold income or other similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, fees or other amounts payable hereunder for the account of any Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for United States federal income tax purposes and which has not provided to the Borrower such forms that establish a complete exemption from such deduction or withholding and (y) the Borrower shall not be obligated pursuant to Section 3.04(a) to pay a Bank in respect of income or similar taxes imposed by the United States or any additional amounts with respect thereto if such Bank has not provided to the Borrower the Internal Revenue Service forms required to be provided to the Borrower pursuant to this Section 3.04(b).

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SECTION 4. Conditions Precedent to the Effective Date. This Agreement shall become effective on the date (the "Effective Date") on which the following conditions shall have been satisfied:

4.01 Execution of Agreement. Each of Holdings, the Borrower and each of the Banks shall have signed a copy of this Agreement (whether the same or different copies) and shall have delivered same to the Payments Administrator or, in the case of the Banks, shall have given to the Payments Administrator telephonic (confirmed in writing), written, telex or facsimile notice (actually received) at such office that the same has been signed and mailed to it.

4.02 Notes; Effectiveness of Nabisco Credit Agreement. On the Effective Date, (i) there shall have been delivered to the Payments Administrator for the account of each Bank the appropriate Note executed by the Borrower in the amount, maturity and as otherwise provided herein and (ii) the Effective Date under, and as defined in, the Nabisco Credit Agreement shall have occurred.

4.03 Officers' Certificate. On the Effective Date, the Payments Administrator shall have received certificates dated such date signed by an appropriate officer of each of Holdings and the Borrower stating that all of the applicable conditions set forth in Sections 4.02, 4.07, 4.09 and 5 exist as of such date.

4.04 Opinions of Counsel. On the Effective Date, the Payments Administrator shall have received an opinion, or opinions, in form and substance satisfactory to each Senior Managing Agent, addressed to each of the Banks and dated the Effective Date, from (i) James A. Kirkman III, Esq., General Counsel of Holdings and the Borrower, which opinion shall cover the matters contained in Exhibit B-1 hereto and (ii) White & Case, special counsel to the Banks, which opinion shall cover the matters contained in Exhibit B-2 hereto.

4.05 Corporate Proceedings. On the Effective Date, all corporate and legal proceedings and all instruments and agreements in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be satisfactory in form and substance to each Senior Managing Agent, and the Payments Administrator shall have received all information and copies of all certificates, documents and papers, including records of corporate proceedings and governmental approvals, if any, which any Senior Managing Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

4.06 Organizational Documentation, etc. On the Effective Date, the Banks shall have received copies of the Certificate of Incorporation and By-Laws of each Credit

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Party, certified as true and complete by an appropriate corporate officer or governmental authority.

4.07 Adverse Change, etc. On the Effective Date, (i) nothing shall have occurred which has a material adverse effect on the ability of either Credit Party to perform its obligations to the Banks and (ii) there shall have been no material adverse change in the operations, business, property, assets or financial condition of Holdings and its Subsidiaries taken as a whole from that of Holdings and its Subsidiaries taken as a whole on December 31, 1995. The 1996 Restructuring Charge shall not be deemed to constitute a material adverse change.

4.08 Litigation. On the Effective Date, except as set forth in Annex IV hereto, there shall be no actions, suits or proceedings pending or threatened with respect to Holdings or any of its Subsidiaries that (i) are reasonably likely to have a material adverse effect on the business, properties, assets, operations, financial condition or prospects of Holdings and its Subsidiaries taken as a whole or (ii) are reasonably likely to have a material adverse effect

on the rights or remedies of the Banks or on the ability of either Credit Party to perform its obligations to the Banks hereunder or under any other Credit Document to which it is a party.

4.09 Termination of the Existing Credit Agreements. On the Effective Date, the total commitments under the Existing Credit Agreements shall have been terminated, and all loans thereunder shall have been repaid in full, together with interest thereon, and all other amounts owing pursuant to the Existing Credit Agreements shall have been repaid in full and the Existing Credit Agreements shall have been terminated and be of no further force or effect (except as to indemnities contained therein which survive the termination of the Existing Credit Agreements in accordance with the terms thereof).

SECTION 5. Conditions Precedent to Loans. The obligation of each Bank to make any Loans is subject, at the time of the making of each such Loan, to the satisfaction of the following conditions at such time:

5.01 Effectiveness. The Effective Date shall have occurred.

5.02 No Default; Representations and Warranties. At the time of the making of each Loan and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein or in the other Credit Documents (other than, in the case of a CP Refinancing Borrowing, in Section 6.04 and the last sentence of Section 6.09) shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Loan.

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5.03 Notice of Borrowing, etc. Prior to the making of each Revolving Loan, the Payments Administrator shall have received a Notice of Borrowing meeting the requirements of Section 1.03(a). Prior to the making of each Competitive Bid Loan, the Payments Administrator shall have received a Notice of Competitive Bid Borrowing meeting the requirements of Section 1.04(a).

The acceptance of the benefits of each Loan shall constitute a representation and warranty by each Credit Party to each of the Banks that all of the applicable conditions specified above in Section 5 exist as of that time. All of the certificates, legal opinions and other documents and papers referred to in Section 4, unless otherwise specified, shall be delivered to the Payments Administrator at the Payments Administrator's Office for the account of each of the Banks and, except for the Notes, in sufficient counterparts for each of the Banks and shall be satisfactory in form and substance to each Senior Managing Agent.

SECTION 6. Representations, Warranties and Agreements. In order to induce the Banks to enter into this Agreement and to make the Loans as provided for herein, each of Holdings and the Borrower makes the following

representations and warranties to and agreements with the Banks, all of which shall survive the execution and delivery of this Agreement and the making of the Loans (with the making of each Loan being deemed to constitute a representation and warranty that the matters specified in this Section 6, subject to the exceptions set forth in Section 5.02, are true and correct in all material respects on and as of the date hereof and as of the date of each such Loan unless such representation and warranty expressly indicates that it is being made as of any specific date):

6.01 Corporate Status. Each of Holdings and each of its Material Subsidiaries (i) is a duly organized and validly existing corporation or other entity in good standing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact the business in which it is engaged and (ii) has duly qualified and is authorized to do business and is in good standing in all jurisdictions where it is required to be so qualified and where the failure to be so qualified would have a material adverse effect on the operations, business, properties, assets or financial condition of Holdings and its Subsidiaries taken as a whole.

6.02 Corporate Power and Authority. Each Credit Party has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of the Credit Documents to which it is a party. Each Credit Party has duly executed and delivered each Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of such Person enforceable in accordance with its terms.

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6.03 No Violation. Neither the execution, delivery and performance by either Credit Party of the Credit Documents to which it is a party (including, without limitation, the incurrence of Loans by the Borrower hereunder) nor compliance with the terms and provisions thereof, nor the consummation of the transactions contemplated therein (i) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of Holdings or any of its Subsidiaries pursuant to the terms of any material indenture, mortgage, deed of trust, agreement or other instrument to which Holdings or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the Certificate of Incorporation or By-Laws of Holdings or any of its Subsidiaries.

6.04 Litigation. Except as set forth on Annex IV, there are no

actions, suits or proceedings pending or threatened with respect to Holdings or any of its Subsidiaries (i) that are reasonably likely to have a material adverse effect on the business, properties, assets, operations, financial condition or prospects of Holdings and its Subsidiaries taken as a whole or (ii) that are reasonably likely to have a material adverse effect on the rights or remedies of the Banks or on the ability of either Credit Party to perform its obligations to them hereunder and under the other Credit Documents to which it is a party.

6.05 Use of Proceeds; Margin Regulations. (a) The proceeds of all Loans shall be utilized by the Borrower for general corporate purposes of Holdings and/or its Subsidiaries (including, without limitation, the refinancing of Indebtedness and financing acquisitions permitted hereunder). The proceeds of CP Refinancing Borrowings may only be utilized to pay when due Commercial Paper Outstandings.

(b) Neither the making of any Loan hereunder, nor the use of the proceeds thereof, will violate or be inconsistent with the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System. At the time of the making of each Loan, not more than 25% of the value of the assets of the Borrower or Holdings and its Subsidiaries on a consolidated basis subject to the restrictions contained in Sections 8.02 and 8.03 will constitute Margin Stock. Notwithstanding the foregoing provisions of this Section 6.05, no proceeds of any Loan will be utilized to purchase any Margin Stock in a transaction, or as part of a series of transactions, the result of which is the ownership by Holdings and/or its Subsidiaries (including, without limitation, the Borrower) of 5% or more of the capital stock of a corporation unless the Board of Directors of such corporation has approved such transaction prior to any public announcement of the purchase, or the intent to purchase, any such Margin Stock.

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6.06 Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any foreign or domestic governmental or public body or authority, or any subdivision thereof, is required to authorize or is required in connection with (i) the execution, delivery and performance of any Credit Document or (ii) the legality, validity, binding effect or enforceability of any Credit Document.

6.07 Investment Company Act. Neither Holdings nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

6.08 True and Complete Disclosure. All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of either Credit Party or any of its Subsidiaries in writing to any Senior Managing Agent

or any Bank for purposes of or in connection with this Agreement or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of such Persons in writing to any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

6.09 Financial Condition; Financial Statements. The consolidated balance sheet of each of Holdings and its Subsidiaries and the Borrower and its Subsidiaries at December 31, 1995 and the related consolidated statements of income and cash flows for the fiscal year ended as of said date, which statements have been examined by Deloitte & Touche, independent certified public accountants, who delivered an unqualified opinion in respect thereof, copies of which have heretofore been furnished to each Bank, present fairly the consolidated financial position of each of Holdings and the Borrower, as the case may be, at the date of said statements and the results of operations for the period covered thereby. All such financial statements have been prepared in accordance with GAAP consistently applied except to the extent provided in the notes to said financial statements. There has been no material adverse change in the operations, business, property, assets or financial condition of Holdings and its Subsidiaries taken as a whole or of the Borrower and its Subsidiaries taken as a whole from that of Holdings and its Subsidiaries or the Borrower and its Subsidiaries, as the case may be, on December 31, 1995.

6.10 Tax Returns and Payments. Each of Holdings and its Subsidiaries has filed all federal income tax returns and all other material tax returns, domestic and foreign, required to be filed by it and has paid all material taxes and assessments payable by it which have become due, other than those not yet delinquent, those contested in good faith and those for which RJRN is indemnifying Holdings pursuant to the Tax Sharing

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Agreement. Holdings and each of its Subsidiaries have paid, or have provided adequate reserves (in the good faith judgment of the management of Holdings) for the payment of, all federal, state and foreign income taxes applicable for all prior fiscal years and for the current fiscal year to the date hereof.

6.11 Compliance with ERISA. Each Plan is in substantial compliance with ERISA and the Code; no Reportable Event has occurred with respect to any Plan; no Plan is insolvent or in reorganization, no Plan has an Unfunded Current Liability, and no Plan has an accumulated or waived funding deficiency or permitted decreases in its funding standard account within the meaning of Section 412 of the Code; none of Holdings, any of its Subsidiaries or any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 409, 502(i), 502(1), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code; no proceedings have been

instituted to terminate any Plan; no condition exists which presents a material risk to Holdings or any of its Subsidiaries of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code, except to the extent that all events described in the preceding clauses of this Section 6.11 and then in existence would not, in the aggregate, be likely to have a material adverse effect on the business, operations or financial condition of Holdings and its Subsidiaries taken as a whole. With respect to Plans that are multiemployer plans (within the meaning of Section 3(37) of ERISA) and Plans which are not currently maintained or contributed to by Holdings, any of its Subsidiaries or any ERISA Affiliate, the representations and warranties in this Section are made to the best knowledge of Holdings.

6.12 Subsidiaries. Annex III hereto lists each Material Subsidiary of Holdings (and the direct and indirect ownership interest of Holdings therein), in each case existing on the Effective Date. All ownership percentages referred to in Annex III are calculated without regard to directors' or nominees' qualifying shares.

6.13 Patents, etc. Holdings and each of its Subsidiaries have obtained all material patents, trademarks, servicemarks, trade names, copyrights, licenses and other rights, free from burdensome restrictions, that are necessary for the operation of their respective businesses as presently conducted and as proposed to be conducted.

6.14 Pollution and Other Regulations. Holdings and each of its Subsidiaries are in material compliance with all material laws and regulations relating to pollution and environmental control, equal employment opportunity and employee safety in all domestic jurisdictions in which Holdings and each of its Subsidiaries is presently doing business, and Holdings will comply and cause each of its Subsidiaries to comply with all such laws and regulations which may be imposed in the future in jurisdictions in which Holdings or such Subsidiary may then be doing business other than in each case those the non-compliance

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with which would not have a material adverse effect on the business, assets, properties or financial condition of Holdings and its Subsidiaries taken as a whole.

6.15 Properties. Holdings and each of its Subsidiaries have good title to all properties owned by Holdings or such Subsidiary and a valid leasehold interest in all properties leased by Holdings or such Subsidiary, in each case, that are necessary for the operation of their respective businesses as presently conducted and as proposed to be conducted, free and clear of all Liens, other than as permitted by this Agreement.

SECTION 7. Affirmative Covenants. Holdings hereby covenants and agrees that on the Effective Date and thereafter, for so long as this Agreement is in effect and until the Commitments have terminated and the Loans, together

with interest, Fees and all other Obligations incurred hereunder, are paid in full:

7.01 Information Covenants. Holdings will furnish to each Bank:

(a) Annual Financial Statements. As soon as available and in any event within 100 days after the close of each fiscal year of Holdings, to the extent prepared to comply with SEC requirements, a copy of the SEC Form 10-Ks filed by Holdings and the Borrower with the SEC for such fiscal year, or, if no such Form 10-K was so filed by Holdings and the Borrower for such fiscal year, the consolidated balance sheet of Holdings and its Subsidiaries and of the Borrower and its Subsidiaries, as at the end of such fiscal year and the related consolidated statements of income and retained earnings and of cash flows for such fiscal year, setting forth comparative consolidated figures as of the end of and for the preceding fiscal year, and examined by independent certified public accountants of recognized national standing whose opinion shall not be qualified as to the scope of audit or as to the status of Holdings or the Borrower or any of their respective Subsidiaries as a going concern, together in any event with a certificate of such accounting firm stating that in the course of its regular audit of the business of Holdings and the Borrower, which audit was conducted in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge of any Default or Event of Default which has occurred and is continuing or, if in the opinion of such accounting firm such a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof.

(b) Quarterly Financial Statements. As soon as available and in any event within 55 days after the close of each of the first three quarterly accounting periods in each fiscal year of Holdings, to the extent prepared to comply with SEC requirements, a copy of the SEC Form 10-Qs filed by Holdings and the Borrower with the SEC for each such quarterly period, or, if no such Form 10-Q was so filed by Holdings and the Borrower with respect to any such quarterly period, the consol-

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idated balance sheet of Holdings and its Subsidiaries and of the Borrower and its Subsidiaries, as at the end of such quarterly period and the related consolidated statements of income for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and the related consolidated statement of cash flows for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and in each case setting forth comparative consolidated figures as of the end of and for the related periods in the prior fiscal year or, in the case of such consolidated balance sheet, for the last day of the prior fiscal year, all of which shall be certified by the Chief Financial Officer, Contoller, Chief Accounting Officer or other Authorized Officer of Holdings or the Borrower, as the case may be,

subject to changes resulting from audit and normal year-end audit adjustments.

(c) Officer's Certificates. At the time of the delivery of the financial statements provided for in Section 7.01(a) and (b), a certificate of the Chief Financial Officer, Controller, Treasurer, Chief Accounting Officer or other Authorized Officer of Holdings to the effect that no Default or Event of Default exists or, if any Default or Event of Default does exist, specifying the nature and extent thereof, which certificate shall set forth the calculations required to establish whether Holdings and its Subsidiaries were in compliance with the provisions of Sections 8.03(e), 8.04(i), 8.05, 8.07, 8.08 and 8.09 as at the end of such fiscal period or year, as the case may be.

(d) Notice of Default or Litigation. Promptly, and in any event within three Business Days after any senior financial or legal officer of either Credit Party obtains knowledge thereof, notice of (x) the occurrence of any event which constitutes a Default or Event of Default which notice shall specify the nature thereof, the period of existence thereof and what action Holdings proposes to take with respect thereto and (y) any litigation or governmental proceeding pending against or affecting Holdings or any of its Subsidiaries which is likely to have a material adverse effect on the business, properties, assets, financial condition or prospects of Holdings and its Subsidiaries taken as a whole or the ability of either Credit Party to perform its obligations hereunder or under any other Credit Document.

(e) Credit Rating Changes. Promptly after any senior financial or legal officer of either Credit Party obtains knowledge thereof, notice of any change in the Applicable Credit Rating assigned by either Rating Agency.

(f) Other Information. Promptly upon transmission thereof, copies of any filings and registrations with, and reports to, the Securities and Exchange Commission or any successor thereto (the "SEC") by Holdings, the Borrower or any of their respective Subsidiaries (other than amendments to any registration

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statement (to the extent such registration statement, in the form it becomes effective, is delivered to the Banks), exhibits to any registration statement and any registration statements on Form S-8) and copies of all financial statements, proxy statements, notices and reports that Holdings, the Borrower or any of their respective Subsidiaries shall send to analysts or the holders of any publicly issued debt of Holdings and/or any of its Subsidiaries in their capacity as such holders (in each case to the extent not theretofore delivered to the Banks pursuant to this Agreement) and, with reasonable promptness, such other information or

documents (financial or otherwise) as any Senior Managing Agent on its own behalf or on behalf of the Required Banks may reasonably request from time to time.

7.02 Books, Records and Inspections. Holdings will, and will cause each of its Subsidiaries to, permit, upon reasonable notice to the Chief Financial Officer, Controller or any other Authorized Officer of the Borrower, officers and designated representatives of any Senior Managing Agent or the Required Banks to visit and inspect any of the properties or assets of Holdings and any of its Subsidiaries in whomsoever's possession, and to examine the books of account of Holdings and any of its Subsidiaries and discuss the affairs, finances and accounts of Holdings and of any of its Subsidiaries with, and be advised as to the same by, its and their officers and independent accountants, all at such reasonable times and intervals and to such reasonable extent as any Senior Managing Agent or the Required Banks may desire.

7.03 Insurance. Holdings will, and will cause each of its Subsidiaries to, at all times be covered by or maintain in full force and effect insurance in such amounts, covering such risks and liabilities and with such deductibles or self-insured retentions as are in accordance with normal industry practice.

7.04 Payment of Taxes. Holdings will pay and discharge, and will cause each of its Subsidiaries to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which material penalties attach thereto, and all lawful claims which, if unpaid, might become a Lien or charge upon any properties of Holdings or any of its Subsidiaries, provided that neither Holdings nor any Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings if it has maintained adequate reserves (in the good faith judgment of the management of Holdings) with respect thereto in accordance with GAAP.

7.05 Consolidated Corporate Franchises. Holdings will do, and will cause each of its Material Subsidiaries to do, or cause to be done, all things necessary to preserve and keep in full force and effect its existence, rights and authority, provided that any transaction permitted by Section 8.02 will not constitute a breach of this Section 7.05.

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7.06 Compliance with Statutes, etc. Holdings will, and will cause each Subsidiary to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls) other than those the non-compliance with which would not have a material adverse effect on the

business, properties, assets or financial condition of Holdings and its Subsidiaries taken as a whole or on the ability of either Credit Party to perform its obligations under any Credit Document to which it is a party.

7.07 ERISA. As soon as possible and, in any event, within 10 days after Holdings or any of its Subsidiaries knows or has reason to know of the occurrence of any of the following, Holdings will deliver to each of the Banks a certificate of the Chief Financial Officer, Treasurer or Controller of Holdings setting forth details as to such occurrence and the action, if any, which Holdings, such Subsidiary or an ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by Holdings, such Subsidiary, such ERISA Affiliate, the PBGC, a Plan participant (other than notices relating to an individual participant's benefits) or the Plan administrator with respect thereto: that a Reportable Event has occurred, that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan, that a Plan which has an Unfunded Current Liability has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA, that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA or the Code, that proceedings may be or have been instituted to terminate a Plan which has an Unfunded Current Liability, that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan, or that Holdings, any of its Subsidiaries or any ERISA Affiliate will or may incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or with respect to a Plan under Section 4971 or 4975 of the Code or Section 409 or 502(i) or 502(1) of ERISA. Upon request of a Bank, Holdings will deliver to such Bank a complete copy of the annual report (Form 5500) of each Plan required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to the Banks pursuant to the first sentence hereof, copies of any notices received by Holdings or any of its Subsidiaries shall be delivered to the Banks no later than 10 days after the later of the date such notice has been filed with the Internal Revenue Service or the PBGC, given to Plan participants (other than notices relating to an individual participant's benefits) or received by Holdings or such Subsidiary.

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7.08 Good Repair. Holdings will, and will cause each of its Subsidiaries to, ensure that its properties and equipment used or useful in its business in whomsoever's possession they may be, are kept in good repair, working order and condition, normal wear and tear excepted, and that from time to time there are made in such properties and equipment all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, to the extent and in the manner customary for companies in similar businesses.

7.09 End of Fiscal Years; Fiscal Quarters. Holdings will, for financial reporting purposes, cause (i) each of its and the Borrower's fiscal years to end on December 31 of each year, (ii) each of its and the Borrower's fiscal quarters to end on March 31, June 30, September 30 and December 31 of each year and (iii) each of the Subsidiaries of the Borrower to maintain the accounting periods maintained by such Subsidiary on the Effective Date, consistent with the past practice and procedures of each such Subsidiary, provided that any of the foregoing fiscal or reporting periods may be changed if (x) Holdings gives the Banks 30 days' prior written notice of such proposed change and (y) prior to effecting such change Holdings and the Majority SMA shall have agreed upon adjustments, if any, to Sections 8.03(e), 8.04(i), 8.05, 8.07, 8.08 and 8.09 (and the definitions used therein) the sole purpose of which shall be to give effect to the proposed change in fiscal or accounting periods (it being understood and agreed that to the extent that Holdings and the Majority SMA cannot agree on appropriate adjustments to such Sections (or that no adjustments are necessary), the proposed change may not be effected).

7.10 Commercial Paper and Competitive Bid Loan Outstandings. On the date of the delivery by the Borrower of any Notice of Borrowing or Notice of Competitive Bid Borrowing at any time when the Borrower shall have knowledge that a mandatory prepayment is required pursuant to Section 3.02(A) of this Agreement and, in any event, on the last Business Day of each fiscal quarter of the Borrower, the Borrower will furnish to the Payments Administrator (with an information copy to each of the other Senior Managing Agents) a statement setting forth the aggregate amount of Commercial Paper Outstandings and the aggregate outstanding principal amount of Competitive Bid Loans at such time.

SECTION 8. Negative Covenants. Holdings hereby covenants and agrees that on the Effective Date and thereafter, for so long as this Agreement is in effect and until the Commitments have terminated and the Loans, together with interest, Fees and all other Obligations incurred hereunder, are paid in full:

8.01 Changes in Business. Except as otherwise permitted by Section 8.02, Holdings and its Subsidiaries, taken as a whole, will not substantively alter the character of their business from that conducted by Holdings and its Subsidiaries taken as a whole at the Effective Date.

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8.02 Consolidation, Merger, Sale of Assets, etc. Holdings will not, and will not permit any Subsidiary to, wind up, liquidate or dissolve its affairs, or enter into any transaction of merger or consolidation, sell or otherwise dispose of all or a substantial part of its property or assets or agree to do any of the foregoing at any future time, except that any Subsidiary of Holdings may be merged or consolidated with or into, or be liquidated into, any Person (including Holdings, but only if the Borrower has first merged into or consolidated with Holdings) and any such Subsidiary may convey, lease, sell or transfer all or any part of its business, properties and assets to any such

Person, provided that in the event of a merger, consolidation or liquidation of the Borrower with or into any such Person, the surviving corporation, if not the Borrower, shall execute and deliver agreements assuming the obligations of the Borrower under this Agreement and the Notes, which assumption agreements and all related actions and documentation shall be in form and substance satisfactory to the Senior Managing Agents; provided further that if any of the foregoing transactions involves a Material Subsidiary, after giving effect to such transaction, no Event of Default would result therefrom. Notwithstanding anything to the contrary contained in this Section 8.02, no Restricted Sale shall be permitted.

8.03 Liens. Holdings will not, and will not permit any of its Subsidiaries to, (x) create, incur, assume or suffer to exist any Lien in respect of Indebtedness upon any property or assets of any kind (real or personal, tangible or intangible) of Holdings or any such Subsidiary whether now owned or hereafter acquired or (y) assign any right to receive income as security for the payment of Indebtedness, except:

(a) Liens existing on the Effective Date securing Indebtedness outstanding on the Effective Date in an aggregate principal amount not exceeding \$150,000,000 and Liens securing extensions, renewals or refinancings of any of the Indebtedness referred to in this clause (a) to the extent that any such Indebtedness (x) is not increased from that outstanding at the time of any such extension, renewal or refinancing and (y) is not secured by Liens on any additional assets;

(b) Liens encumbering customary initial deposits and margin deposits, and other Liens incurred in the ordinary course of business and which are within the general parameters customary in the industry, securing obligations under Permitted Commodities Agreements;

(c) Liens securing reimbursement obligations of the Borrower and its Subsidiaries with respect to trade letters of credit incurred in the ordinary course of business, which are to be repaid in full not more than one year after the date originally incurred to finance the purchase of goods by the Borrower or any of its Subsidiaries, provided that such Liens shall attach only to documents or other property relating to such letters of credit and the products and proceeds thereof;

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(d) Liens (x) arising pursuant to purchase money mortgages securing Indebtedness (and any extensions, renewals or refinancings of such Indebtedness to the extent not increasing the outstanding principal amount thereof), representing the purchase price (or financing of the purchase price within 180 days after the respective purchase) of assets acquired after the Effective Date, provided that (i) any such Liens attach only to the assets so purchased and (ii) the Indebtedness (including any such permitted extensions, renewals or refinancings) secured by any such Lien

does not exceed 100%, nor is less than 70%, of the purchase price of the property being purchased and (y) existing on specific tangible assets at the time acquired by Holdings or any of its Subsidiaries or on assets of a Person at the time such Person first becomes a Subsidiary (together with Liens securing any extensions, renewals or refinancings of the Indebtedness secured thereby to the extent not increasing the outstanding principal amount thereof), provided that (i) any such Liens were not created at the time of or in contemplation of the acquisition of such assets or Person by Holdings and/or its Subsidiaries, (ii) in the case of any such acquisition of a Person, any such Lien attaches only to a specific tangible asset of such Person and not assets of such Person generally and (iii) the Indebtedness secured by any such Lien does not exceed 100% of the fair market value of the asset to which such Lien attaches, determined at the time of the acquisition of such asset or at the time such Person first becomes a Subsidiary, as the case may be; and

(e) Liens and assignments not otherwise permitted by the foregoing clauses (a) through (d) securing any Indebtedness of Holdings and/or its Subsidiaries, provided that the aggregate principal amount of Indebtedness on a consolidated basis secured by Liens permitted by this clause (e) shall not exceed an amount equal to 7-1/2% of Consolidated Net Worth at any time.

8.04 Indebtedness. Holdings will not permit any of its Subsidiaries (other than the Borrower) to, contract, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Specified Permitted Existing Debt and any extensions, renewals or refinancings of any of the Indebtedness referred to in this clause (a), either by the original obligor thereunder or by another Subsidiary to the extent that such Indebtedness is not increased from that outstanding at the time of any such extension, renewal or refinancing;

(b) Obligations under letters of credit described in Section 8.03(c);

(c) Indebtedness in respect of Permitted Currency Agreements and Permitted Commodities Agreements;

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(d) Obligations of Subsidiaries of the Borrower under letters of credit incurred in the ordinary course of business in connection with the purchase of products or goods for use in the day-to-day operations of the Borrower and its Subsidiaries consistent with the Borrower's past practices or then current industry practices;

(e) Indebtedness secured by Liens permitted by Section 8.03(d);

(f) (i) Indebtedness owing by any such Subsidiary to Holdings or any Wholly-Owned Subsidiary of Holdings and (ii) Indebtedness of any such Subsidiary (x) consisting of Contingent Obligations in respect of, or (y) constituting reimbursement obligations under letters of credit issued in support of, obligations of any Subsidiary of Holdings (other than the Borrower) to the extent such other obligations are permitted by this Agreement;

(g) Indebtedness of any such Subsidiary in any manner guaranteeing or intended to guarantee, whether directly or indirectly, any leases, dividends or other monetary obligations of any Person in which such Subsidiary has an ownership interest, provided that the aggregate maximum stated or determinable amount (or, if not stated or determinable, the maximum reasonably anticipated liability in respect of such Indebtedness as determined in good faith by such Subsidiary) of all Indebtedness permitted pursuant to this clause (g) shall not exceed at any time an amount in excess of \$150,000,000;

(h) Indebtedness of any such Subsidiary with respect to which neither Holdings nor the Borrower (i) is a co-obligor or (ii) has any Contingent Obligation; and

(i) Indebtedness not otherwise permitted by the foregoing clauses (a) through (h), provided that the aggregate outstanding principal amount of Indebtedness on a consolidated basis incurred pursuant to this clause (i) shall not exceed an amount equal to the sum of (x) \$250,000,000 plus (y) 7-1/2% of Consolidated Net Worth at any time.

8.05 Limitation on Restricted Payments. Neither Holdings nor the Borrower will (A) declare or pay any dividends in respect of its capital stock (other than dividends payable solely in its common stock and all dividends, whether in cash or in kind, on any preferred stock) or return any capital to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any class of its capital stock now or hereafter outstanding (or any warrants for or options or stock appreciation rights in respect of any of such shares), or set aside any funds

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for any of the foregoing purposes, or permit any of its Subsidiaries to purchase or otherwise acquire for consideration any shares of any class of the capital stock of Holdings or the Borrower now or hereafter outstanding (or any options or warrants or stock appreciation rights issued by Holdings or the Borrower with respect to its capital stock) (all of the foregoing, "Dividends"), or (B) purchase or otherwise acquire for consideration any shares of any class of the capital stock of any RJRN Entity (now or hereafter outstanding) (or any options or warrants or stock appreciation rights issued by any RJRN Entity with respect

to its capital stock) or permit any of its Subsidiaries to do any of the foregoing or (C) make any loan or advance to, or investment in, any RJRN Entity, or permit any of its Subsidiaries to do any of the foregoing (all of clauses (A), (B) and (C), collectively, "Restricted Payments"), provided that, except with respect to the following clauses (i) and (v), so long as no Event of Default then exists:

(i) each of Holdings and the Borrower may (x) pay cash in lieu of issuing fractions of shares of its common stock at a time when it issues shares of its common stock upon the exercise of any warrants or options or upon the conversion or redemption of any convertible or redeemable preferred or preference stock and (y) repurchase its common stock and preferred stock (and/or options or warrants in respect thereof) pursuant to, and in accordance with the terms of, management and/or employee stock plans;

(ii) Holdings may declare and pay, or otherwise effect, any other Dividend and the Borrower may declare and pay, or otherwise effect, any other Dividend to Persons other than Holdings, provided that the aggregate amount of any such Dividend at the time declared, when added to all Dividends theretofore declared pursuant to this clause (ii) after April 28, 1995, shall not exceed an amount equal to the sum of (x) \$300,000,000 plus (y) 50% of Cumulative Consolidated Net Income determined at the time of the declaration thereof, provided that such Dividend is paid within 45 days of the making of such declaration;

(iii) the Borrower and any of its Subsidiaries may make additional loans and advances to one or more RJRN Entities that is a Foreign Subsidiary, provided that the aggregate principal amount of such loans and advances made pursuant to this clause (iii) shall not exceed \$100,000,000 at any time;

(iv) the Borrower may pay Dividends to Holdings; and

(v) each of Holdings and the Borrower may issue and exchange shares of any class or series of its common stock now or hereafter outstanding for shares of any other class or series of its common stock at the time outstanding.

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8.06 Transactions with Affiliates. Holdings will not, and will not permit any Subsidiary to, enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any Affiliate (other than a Nabisco Entity) other than on terms and conditions substantially as favorable to Holdings or such Subsidiary as would be obtainable by Holdings or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate; provided, that the foregoing restrictions shall not apply to: (i) customary fees paid to members of the Board of Directors of

Holdings and of its Subsidiaries and (ii) the RJRN Agreements.

8.07 Consolidated Net Worth. Holdings will not permit Consolidated Net Worth at any time to be less than an amount equal to the sum of (x) \$3,750,000,000 plus (y) the sum of 25% of Consolidated Net Income, if positive, for each prior fiscal year of Holdings, if any, ending after January 1, 1996.

8.08 Leverage Ratio. Holdings will not permit the ratio of (i) Adjusted Consolidated Debt to (ii) Adjusted Operating Income for any Test Period to be more than 3.95 to 1.00.

8.09 Cash Interest Coverage Ratio. Holdings will not permit the ratio of (i) Adjusted Operating Income to (ii) Consolidated Cash Interest Expense for any Test Period to be less than 3.00 to 1.00.

SECTION 9. Events of Default. Upon the occurrence of any of the following specified events (each, an "Event of Default"):

9.01 Payments. The Borrower shall (i) default in the payment when due of any principal of the Loans or (ii) default, and such default shall continue for five or more days, in the payment when due of any interest on the Loans or any Fees or any other amounts owing hereunder or under any Note; or

9.02 Representations, etc. Any representation, warranty or statement made or deemed made by either Credit Party herein or in any other Credit Document or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

9.03 Covenants. Either Credit Party shall (a) default in the due performance or observance by it of any term, covenant or agreement contained in Section 7.10 or 8, or (b) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Section 9.01, 9.02 or clause (a) of this Section 9.03) contained in this Agreement and such default shall continue unremedied for a period

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of at least 30 days after notice to the Borrower by any Senior Managing Agent or the Required Banks; or

9.04 Default Under Other Agreements. (a) Holdings or any of its Subsidiaries shall (i) default in any payment with respect to any Indebtedness (other than the Obligations) in excess of \$75,000,000 individually or \$150,000,000 in the aggregate, for Holdings and its Subsidiaries, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (ii) default in the observance or performance of any agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any

other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice or lapse of time is required, provided that the existence of any Event of Default under this Section 9.04(a)(ii) with respect to Indebtedness outstanding under the Nabisco Credit Agreement shall be determined after giving effect to any notice or lapse of time provided to the Borrower in the Nabisco Credit Agreement), any such Indebtedness to become due prior to its stated maturity; or (b) any such Indebtedness shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment or as a mandatory prepayment (unless such required prepayment or mandatory prepayment results from a default or an event of the type that constitutes an Event of Default), prior to the stated maturity thereof, provided that to the extent Holdings or any of its Subsidiaries incurs (including pursuant to a committed facility not borrowed thereunder but with commitments aggregating) or issues Indebtedness in an aggregate principal amount of at least \$100,000,000 at any time that contains any default covering any action, failure to act and/or other circumstances of or affecting any Affiliate of Holdings (other than the Borrower and its Subsidiaries) not included as Events of Default hereunder (other than any of the foregoing relating solely to Holdings and its Subsidiaries), then this Section 9.04 shall be deemed to be automatically amended to include such defaults effective as of the date of the incurrence or issuance of such Indebtedness (it being agreed that the Borrower and Holdings will cooperate with the Senior Managing Agents to obtain an amendment to this Agreement, in form and substance satisfactory to the Majority SMA, formalizing the inclusion of such defaults under this Agreement); or

9.05 Bankruptcy, etc. Holdings or any of its Material Subsidiaries (each, a "Designated Party") shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against a Designated Party and the petition is not controverted within 10 days after service of notice of such case on such Designated Party, or is not dismissed within 60 days after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of a Designated Party; or a

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Designated Party commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to a Designated Party; or there is commenced against a Designated Party any such proceeding which remains undismissed for a period of 60 days; or a Designated Party is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or a Designated Party suffers any appointment of any custodian or the like for

it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or a Designated Party makes a general assignment for the benefit of creditors; or any corporate action is taken by a Designated Party for the purpose of effecting any of the foregoing; or

9.06 ERISA. (a) A single-employer plan (as defined in Section 4001 of ERISA) maintained or contributed to by Holdings or any of its Subsidiaries or any ERISA Affiliate shall fail to maintain the minimum funding standard required by Section 412 of the Code for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code or shall provide security to induce the issuance of such waiver or extension, (b) any Plan is or shall have been terminated or the subject of termination proceedings under ERISA or an event has occurred entitling the PBGC to terminate a Plan under Section 4042(a) of ERISA, (c) any Plan shall have an Unfunded Current Liability, (d) Holdings or any of its Subsidiaries or any ERISA Affiliate has incurred or is likely to incur a material liability to or on account of a termination of or a withdrawal from a Plan under Section 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA, (e) Holdings or any of its Subsidiaries has incurred, after the Effective Date, liabilities (after giving effect to any reserves applicable thereto and maintained on the Effective Date) pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) which provide benefits to retired employees (other than as required by Section 601 of ERISA) or employee pension benefit plans (as defined in Section 3(2) of ERISA) (except in each case solely as a result of a change in estimate or adjustment of liabilities existing on the Effective Date upon the adoption or implementation of Financial Accounting Statement 106), or (f) Holdings or any of its Subsidiaries or any ERISA Affiliate has incurred a liability under Section 409, 502(i) or 502(l) of ERISA or Section 4971 or 4975 of the Code; and there shall result from any such event or events described in the preceding clauses of this Section 9.06 the imposition of a Lien upon the assets of Holdings or any of its Subsidiaries, the granting of a security interest, or a liability or a material risk of incurring a liability, which Lien, security interest or liability would have a material adverse effect upon the business, operations or financial condition of Holdings and its Subsidiaries taken as a whole; or

9.07 Judgments. One or more judgments or decrees shall be entered against Holdings or any of its Material Subsidiaries involving a liability of \$75,000,000 or more in the case of any one such judgment or decree and \$150,000,000 or more in the

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aggregate for all such judgments and decrees for Holdings and its Material Subsidiaries (to the extent not paid or fully covered by insurance) and any such judgments or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 60 days from the entry thereof; or

9.08 Guaranty. The Guaranty or any provision thereof shall cease to

be in full force or effect, or the Guarantor or any Person acting by or on behalf of the Guarantor shall deny or disaffirm the Guarantor's obligations under the Guaranty or the Guarantor shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to the Guaranty;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, any Senior Managing Agent shall, upon the written request of the Required Banks, by written notice to Holdings and the Borrower, take any or all of the following actions, without prejudice to the rights of any Senior Managing Agent or any Bank to enforce its claims against the Borrower, except as otherwise specifically provided for in this Agreement (provided that if an Event of Default specified in Section 9.05 shall occur with respect to the Borrower, the result which would occur upon the giving of written notice by any Senior Managing Agent as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the Total Commitment terminated, whereupon the Commitment of each Bank shall forthwith terminate immediately and any Facility Fee and Utilization Fee theretofore accrued shall forthwith become due and payable without any other notice of any kind and (ii) declare the principal of and any accrued interest in respect of all Loans and all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower.

Notwithstanding anything contained in the foregoing paragraph, if at any time within 60 days after an acceleration of the Loans pursuant to the preceding paragraph, the Borrower shall pay all arrears of interest and all payments on account of principal which shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified in this Agreement) and all Events of Default and Defaults (other than non-payment of the principal of and accrued interest on the Loans, in each case which is due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Section 12.11, then Non-Defaulting Banks holding at least 66-2/3% of the Adjusted Total Commitment (which Banks shall include in any event the Majority SMA), by written notice to Holdings and the Borrower, may at their option rescind and annul the acceleration and its consequences; but such action shall not affect any subsequent Event of Default or Default or impair any right consequent thereon. The provisions of this paragraph are intended merely to bind the Banks to a decision which may be made at the election of the aforesaid percentage of the Banks and are not intended

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to benefit the Borrower and do not grant the Borrower the right to require the Banks to rescind or annul any acceleration hereunder, even if the conditions set forth herein are met.

SECTION 10. Definitions. As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Defined terms in this Agreement shall include in the singular number the plural and in the plural the singular:

"Absolute Rate" shall mean an interest rate (rounded to the nearest .0001) expressed as a decimal.

"Absolute Rate Borrowing" shall mean a Competitive Bid Borrowing with respect to which the Borrower has requested that the Banks offer to make Competitive Bid Loans at Absolute Rates.

"Adjusted Consolidated Debt" shall mean the sum (without duplication) of (i) notes payable, (ii) the current maturities of long-term debt, (iii) long-term debt and (iv) all other amounts representing liabilities with respect to pay-in-kind interest to the extent included in "Other Liabilities," all as determined for Holdings and its Subsidiaries in accordance with GAAP, it being understood that determinations of the amounts specified in clauses (i), (ii), (iii) and (iv) shall be made on a consistent basis with the methodology utilized by Holdings to determine such amounts on the Effective Date.

"Adjusted Operating Income" shall mean for any period (x) the consolidated operating income of Holdings and its Subsidiaries for such period plus (y) the sum of the consolidated depreciation expense and consolidated amortization expense of Holdings and its Subsidiaries for such period, all as determined in accordance with GAAP, it being understood that the determination of the amount specified in clauses (x) and (y) shall be made on a consistent basis with the methodology utilized by Holdings to determine such amount on the Effective Date, provided that (i) for the purposes of Section 8.08 only, for any Test Period during which any acquisition of any Person or business occurs, Adjusted Operating Income shall give pro forma effect to such acquisition as if it occurred on the first day of such Test Period and (ii) for all purposes, for any period which includes any Restructuring Charge Quarter there shall be excluded in determining Adjusted Operating Income any portion of the 1996 Restructuring Charge which reduced the consolidated operating income of Holdings and its Subsidiaries for such period.

"Adjusted Percentage" shall mean (x) at a time when no Bank Default exists, for each Bank such Bank's Percentage and (y) at a time when a Bank Default exists (i) for each Bank that is a Defaulting Bank, zero and (ii) for each Bank that is a Non-Defaulting Bank, the percentage determined by dividing such Bank's Commitment at such time by the Adjusted Total Commitment at such time, it being understood that all references herein to

Commitments at a time when the Total Commitment has been terminated shall be references to the Commitments in effect immediately prior to such termination.

"Adjusted Total Commitment" shall mean at any time the Total Commitment less the aggregate Commitments of all Defaulting Banks.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (i) to vote 20% or more of the securities having ordinary voting power for the election of directors of such corporation or (ii) to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"Aggregate Outstandings" shall have the meaning provided in Section 3.02 (A).

"Agreement" shall mean this Credit Agreement, as the same may be from time to time modified, amended and/or supplemented.

"Agreement of Commitment Increase" shall mean an agreement in the form of Exhibit C-3, appropriately completed.

"Applicable Credit Rating" shall mean the highest rating level (a rating level being, e.g., each of BBB-, BBB and BBB+, in the case of S&P) assigned by each Rating Agency to any of the Long Term Debt Issues of Holdings or the Borrower.

"Applicable Eurodollar Margin" shall mean, (x) at any time prior to the Commitment Expiry Date, .275% and (y) at any time on and after the Commitment Expiry Date in respect of each Interest Period commencing during a period set forth below, the percentage set forth below opposite such period below:

Period -----	Applicable Eurodollar Margin -----
NIG Period	.625%
Minimum Investment Grade Period	.375%
Increased Investment Grade Period	.275%

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Maximum Investment	.225%
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Grade Period

"Applicable Utilization Fee Percentage" shall mean, at any time during a period set forth below, the percentage set forth opposite such period below:

Period -----	Applicable Utilization Fee Percentage -----
NIG Period	.250%
Minimum Investment Grade Period	.125%
Increased Investment Grade Period	0%
Maximum Investment Grade Period	0%

"Assignment Agreement" shall have the meaning provided in Section 12.04 (b) (A) .

"Authorized Officer" shall mean any senior officer of Holdings or the Borrower, as the case may be, designated as such in writing to the Senior Managing Agents by Holdings or the Borrower, in each case to the extent acceptable to the Majority SMA.

"Bank" shall have the meaning provided in the first paragraph of this Agreement.

"Bank Default" shall mean (i) the refusal (which has not been retracted) of a Bank to make available its portion of any Borrowing or (ii) a Bank having notified any Senior Managing Agent and/or the Borrower that it does not intend to comply with its obligations under Section 1.01(a), in the case of either clause (i) or (ii) as a result of the appointment of a receiver or conservator with respect to such Bank at the direction or request of any regulatory agency or authority.

"Bankruptcy Code" shall have the meaning provided in Section 9.05.

"Base Rate" shall mean, for any day, the average of the publicly announced prime rates, base rates and/or reference rates on such date of BCo, Chase and Citibank.

"Bidder Bank" shall mean each Bank that has notified in writing (and has not withdrawn such notice) the Payments Administrator that it desires to participate generally in the bidding arrangements relating to Competitive Bid Borrowings.

"Borrower" shall have the meaning provided in the first paragraph of this Agreement and shall also include any Person which is the surviving corporation after giving effect to any transaction permitted by Section 8.02 involving the Borrower.

"Borrowing" shall mean and include (i) the incurrence of one Type of Revolving Loan by the Borrower from all of the Banks on a pro rata basis on a given date (or resulting from conversions on a given date), having in the case of Eurodollar Loans the same Interest Period, provided that Reference Rate Loans incurred pursuant to Section 1.11(b) shall be considered part of any related Borrowing of Eurodollar Loans and (ii) a Competitive Bid Borrowing.

"BTCO" shall mean Bankers Trust Company and any successor corporation thereto by merger, consolidation or otherwise.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day excluding Saturday, Sunday and any day which shall be in the City of New York a legal holiday or a day on which banking institutions are authorized by law or other governmental actions to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) and which is also a day for trading by and between banks in U.S. dollar deposits in the interbank Eurodollar market.

"Capital Lease," as applied to any Person, shall mean any lease of any property (whether real, personal or mixed) by that Person as lessee which, in conformity with GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person.

"Capitalized Lease Obligations" shall mean all obligations under Capital Leases of Holdings or any of its Subsidiaries in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

"Change of Control" shall mean and include (a) at any time Continuing Directors shall not constitute a majority of the Board of Directors of Holdings or the Borrower; and/or (b) any Person or group (as such term is defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than RJRN, Holdings and its Subsidiaries, shall acquire, directly or indirectly, beneficial ownership (within the meaning of Rule 13d-3 and 13d-5 under the Exchange Act) of 30% or more, on a fully diluted basis, of the economic or voting interest in Holdings' capital stock; and/or

(c) Holdings shall own less than 80% on a fully diluted basis of (x) the economic interest of the common stock of the Borrower or (y) the voting interest of the capital stock of the Borrower.

"Chase" shall mean The Chase Manhattan Bank and any successor corporation thereto by merger, consolidation or otherwise.

"Citibank" shall mean Citibank, N.A. and any successor corporation thereto by merger, consolidation or otherwise.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Commercial Paper Outstandings" shall mean, at any time, an amount equal to the lesser of (i) the sum of (x) the face amount of all commercial paper previously issued by Holdings and/or any of its Subsidiaries (other than Nabisco Ltd) at a discount and outstanding at such time plus (y) the principal amount of all commercial paper previously issued by Holdings and/or any of its Subsidiaries (other than Nabisco Ltd) on an interest bearing basis and outstanding at such time, and (ii) the remainder, if any, of (x) the Total Commitment at such time less (y) the then aggregate principal amount of all Loans outstanding at such time.

"Commitment" shall mean, with respect to each Bank, the amount set forth opposite such Bank's name in Annex I hereto, as the same may be increased from time to time pursuant to Section 1.16 and/or reduced from time to time pursuant to Section 2.02, 2.03, 9 and/or 12.04 (b) (A).

"Commitment Expiry Date" shall mean the date which is 364 days after the Effective Date.

"Commodities Agreement" shall mean any forward contract, futures contract, option contract or similar agreement or arrangement, in each case intended to protect the Persons entering into same from fluctuations in the price of, or shortage of supply of, commodities.

"Competitive Bid Borrowing" shall mean a Borrowing of Competitive Bid Loans pursuant to Section 1.04 with respect to which the Borrower has requested that the Banks offer to make Competitive Bid Loans at Absolute Rates.

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"Competitive Bid Loans" shall have the meaning provided in Section 1.01 (b) .

"Confidential Information" shall have the meaning provided in Section 12.14.

"Consolidated Cash Interest Expense" shall mean, for any period, (i) consolidated interest expense of Holdings and its Subsidiaries, but excluding, however, to the extent included in consolidated interest expense, (x) non-cash interest expense and (y) amortization of debt issuance cost plus (ii) cash dividends paid on all preferred stock of Holdings and its Subsidiaries (except to the extent paid to Holdings or a Wholly-Owned Subsidiary of Holdings) during such period, it being understood that the determination of the amounts specified in clauses (i)(x) and (i)(y) shall be made on a consistent basis with the methodology utilized by Holdings to determine such amounts on the Effective Date.

"Consolidated Net Income" shall mean, for any period, for any Person the consolidated net income of such Person and its Subsidiaries, determined in accordance with GAAP, for such period.

"Consolidated Net Worth" shall mean, as at any date of determination, the stockholders' equity of Holdings as determined in accordance with GAAP and as would be reflected on a consolidated balance sheet of Holdings prepared as of such date plus any 1996 Restructuring Charge deducted in determining Consolidated Net Worth of Holdings as of such date, it being understood that the determination of such amounts shall be made on a consistent basis with the methodology utilized by Holdings to determine such amount on the Effective Date.

"Contingent Obligations" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other monetary obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof, provided however that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the

lesser of (x) the maximum stated or determinable amount of such Contingent

Obligation and (y) the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Continuing Director" shall mean, at any date, an individual (x) who is a member of the Board of Directors of Holdings or the Borrower, as the case may be, on the date of this Agreement, (y) who, as at such date, has been a member of such Board of Directors for at least the twelve preceding months, or (z) who has been nominated to be a member of such Board of Directors by a majority of the other Continuing Directors then in office.

"Corporate Agreement" shall mean the Corporate Agreement, dated as of January 26, 1995, between Holdings and RJRN.

"CP Refinancing Borrowing" shall mean any Borrowing of Revolving Loans, any of the proceeds of which are to be utilized to repay Commercial Paper Outstandings, to the extent such Borrowing is identified as such by the Borrower in the Notice of Borrowing given in respect of such Borrowing.

"Credit Documents" shall mean this Agreement and the Notes.

"Credit Party" shall mean each of Holdings and the Borrower.

"Credit Rating" shall mean (i) the Applicable Credit Rating assigned by each Rating Agency, if such Applicable Credit Ratings are the same or (ii) if the Applicable Credit Ratings assigned by the Rating Agencies differ, the higher of the Applicable Credit Ratings assigned by the Rating Agencies, provided that in the event the Applicable Credit Rating of any Rating Agency shall be more than one rating level above the Applicable Credit Rating of the other Rating Agency, the Credit Rating shall be one level below the higher Applicable Credit Rating.

"Cumulative Consolidated Net Income" shall mean, at any time for any determination thereof, the sum of (i) Consolidated Net Income of Holdings for the period (taken as one accounting period) commencing January 1, 1995 and ending on the last day of the last fiscal quarter of Holdings then ended plus (ii) all losses from debt retirement deducted in determining Consolidated Net Income of Holdings for the period referred to in clause (i) above plus (iii) any 1996 Restructuring Charge deducted in determining Consolidated Net Income of Holdings for the period referred to in clause (i) above.

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"Currency Agreement" shall mean any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic cap or other similar agreement designed to protect the Persons entering into same against fluctuations in currency values.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Defaulting Bank" shall mean any Bank with respect to which a Bank Default is in effect.

"Designated Party" shall have the meaning provided in Section 9.05.

"Dividends" shall have the meaning provided in Section 8.05.

"Effective Date" shall have the meaning provided in Section 4.

"Eligible Transferee" shall mean and include a commercial bank, financial institution or other "accredited investor" (as defined in SEC Regulation D), provided that Eligible Transferee shall not include any Person (or any Affiliate thereof) who competes with Holdings and its Subsidiaries in the cookie, cracker, snack food or candy business.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with Holdings, a Subsidiary or a Credit Party would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Eurodollar Loans" shall mean each Revolving Loan bearing interest at the rates provided in Section 1.09(b).

"Eurodollar Rate" shall mean with respect to each Interest Period for a Eurodollar Loan (or for a Spread Borrowing priced by reference to the Eurodollar Rate), (i) the arithmetic average (rounded to the nearest 1/100 of 1%) of the offered quotation to first-class banks in the interbank Eurodollar market by each Reference Bank for dollar deposits of amounts in same day funds comparable to the outstanding principal amount of the Eurodollar Loan of such Reference Bank for which an interest rate is then being determined with maturities comparable to the Interest Period to be applicable to such Eurodollar Loan (or in the case of such Spread Borrowing, the arithmetic average of the

offered rates for deposits in U.S. dollars for the applicable Interest Period (or the period closest to such applicable Interest Period) which appear on the Reuters Screen LIBO Page), determined as of 10:00 A.M. (New York time) on the date which is two Business Days prior to the commencement of such Interest

Period, divided (and rounded upward to the next whole multiple of 1/16 of 1%) by (ii) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D), provided, that if one or more of the Reference Banks fails to provide the Payments Administrator with its aforesaid rate for an Interest Period applicable to Eurodollar Loans, then the Eurodollar Rate for such Interest Period shall be determined based on the rate or rates provided to the Payments Administrator by the other Reference Bank or Banks.

"Event of Default" shall have the meaning provided in Section 9.

"Exchange Agreement" shall mean the Exchange Agreement, dated as of April 26, 1995, among Holdings, the Borrower and RJRN.

"Existing Credit Agreements" shall mean (i) the Credit Agreement, dated as of April 28, 1995, among Holdings, the Borrower, the Senior Managing Agents and the banks party thereto, as in effect on the Effective Date, and (ii) the Credit Agreement, dated as of November 3, 1995, among Holdings, the Borrower, the Senior Managing Agents and the banks party thereto, as in effect on the Effective Date.

"Expiration Date" shall mean December 31, 1996.

"Facility Fee" shall have the meaning provided in Section 2.01(a).

"Facility Fee Percentage" shall mean .100%.

"Federal Funds Rate" shall mean for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Payments Administrator from three Federal Funds brokers of recognized standing selected by the Payments Administrator.

"Fees" shall mean all amounts payable pursuant to, or referred to in, Section 2.01.

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"Foreign Subsidiary" shall mean each Subsidiary of RJRN (other than any Nabisco Entity) doing business primarily outside the United States or any state or territory thereof.

"Fuji" shall mean The Fuji Bank, Limited and any successor corporation thereto by merger, consolidation or otherwise.

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time; it being understood and agreed that determinations in accordance with GAAP for purposes of Section 8, including defined terms as used therein, shall be made pursuant to Section 12.07(a).

"Guarantor" for purposes of Section 13 of this Agreement shall mean Holdings, to the extent not merged or consolidated with the Borrower in accordance with Section 8.02.

"Guaranty" shall mean the guaranty of Holdings set forth in Section 13, as the same may be supplemented, amended or modified from time to time.

"Hedging Agreements" shall mean and include Commodities Agreements, Currency Agreements and Interest Rate Agreements.

"Holdings" shall have the meaning provided in the first paragraph of this Agreement and shall also include any Person which is the surviving corporation after giving effect to any transaction permitted by Section 8.02 involving Holdings.

"Increased Investment Grade Period" shall mean any period during which the Credit Rating at all times is the Increased Investment Grade Rating.

"Increased Investment Grade Rating" shall mean the rating assigned by each Rating Agency which is one rating level above the Minimum Investment Grade Rating, it being understood that as of the date of this Agreement the "Increased Investment Grade Rating" of S&P is BBB and the "Increased Investment Grade Rating" of Moody's is Baa2.

"Indebtedness" of any Person shall mean (i) all indebtedness of such Person for borrowed money, (ii) the deferred purchase price of assets or services which in accordance with GAAP would be shown on the liability side of the balance sheet of such Person, (iii) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder, (iv) all Indebtedness of a second Person secured by any Lien on any property owned by such first Person, whether or not such Indebtedness has been assumed, (v) all Capitalized Lease Obligations of such Person, (vi) all obligations of such Person to pay a specified purchase price for goods or services

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whether or not delivered or accepted, i.e., take-or-pay and similar obligations, (vii) all obligations of such Person under Hedging Agreements and (viii) all Contingent Obligations of such Person, provided that Indebtedness shall not

include or be deemed to include (x) trade payables and accrued expenses, in each case arising in the ordinary course of business, (y) any obligation of the Borrower or any Subsidiary thereof to purchase products, services and produce utilized in its business pursuant to the RJRN Agreements or agreements entered into in the ordinary course of business on a basis consistent with Holdings' past practices or then current industry practices and (z) sales of receivables of the Borrower and its Subsidiaries on a non-recourse basis, and provided further, that (a) for the purposes of Section 9.04, the amount of Indebtedness represented by any Hedging Agreement shall be at any time the unrealized net loss position, if any, of the Borrower and/or its Subsidiaries thereunder on a marked to market basis determined no more than one month prior to such time and (b) for the purposes of determining the Indebtedness permitted to be secured by Section 8.03(e) or outstanding under Section 8.04(i), the amount of Indebtedness included in such determination that is attributable to all Hedging Agreements secured or permitted thereunder, as the case may be, shall be the Net Termination Value, if any, of all such Hedging Agreements.

"Interest Period" shall mean with respect to (i) any Revolving Loan constituting a Eurodollar Loan, the interest period applicable thereto as determined pursuant to Section 1.10 and (ii) any Competitive Bid Loan, the period from the date of the making thereof to the maturity date thereof as specified in the respective Notice of Competitive Bid Borrowing.

"Interest Rate Agreement" shall mean any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate futures contract, interest rate option contract or other similar agreement or arrangement.

"Interest Rate Basis" shall mean the Eurodollar Rate and/or such other basis for determining an interest rate as the Borrower and the Payments Administrator may agree upon from time to time.

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement (other than customary negative pledge clauses) to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof).

"Loan" shall mean any Competitive Bid Loan or Revolving Loan.

"Long Term Debt Issues" shall mean, with respect to each of Holdings and the Borrower, each issuance of long-term senior debt of such Person which ranks on a parity, as to payment and security, with the Guaranty or the Loans, as the case may be.

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"Majority SMA" shall mean, at any time, at least one-half in number of the Senior Managing Agents.

"Margin Stock" shall have the meaning provided in Regulation U.

"Material Subsidiary" shall mean and include, at any time, the Borrower and each other Subsidiary of Holdings to the extent that (x) the aggregate consolidated book value of the assets of such Subsidiary is equal to or more than \$300,000,000 or (y) the revenues of such Subsidiary during its then most recently ended fiscal year were equal to or more than \$200,000,000.

"Maturity Date" shall mean the date which is the third anniversary of the Commitment Expiry Date.

"Maximum Investment Grade Period" shall mean any period during which the Credit Rating is, or is at any level above, the Maximum Investment Grade Rating.

"Maximum Investment Grade Rating" shall mean the rating assigned by each Rating Agency which is at least one or more levels above the Increased Investment Grade Rating, it being understood that as of the date of this Agreement the lowest "Maximum Investment Grade Rating" of S&P is BBB+ and the lowest "Maximum Investment Grade Rating" of Moody's is Baal.

"Minimum Borrowing Amount" shall mean \$25,000,000.

"Minimum Investment Grade Period" shall mean any period during which the Credit Rating is at all times the Minimum Investment Grade Rating.

"Minimum Investment Grade Rating" shall mean the lowest rating level established as investment grade by each Rating Agency, it being understood that as of the date of this Agreement the "Minimum Investment Grade Rating" of S&P is BBB- and the "Minimum Investment Grade Rating" of Moody's is Baa3.

"Moody's" shall mean Moody's Investors Service, Inc., or any successor corporation thereto.

"Nabisco Biscuit Division" shall mean the portion of the business of Holdings and its Subsidiaries engaged in the manufacture and sale of crackers and cookies in the United States.

"Nabisco Credit Agreement" shall mean the Credit Agreement, dated as of the date hereof, among Holdings, the Borrower, various lending institutions party thereto

and the Senior Managing Agents, as the same may be amended, modified or supplemented from time to time.

"Nabisco Entity" shall mean Holdings and its Subsidiaries.

"Nabisco Ltd" shall mean Nabisco Ltd, a Canadian corporation.

"Net Termination Value" shall mean at any time, with respect to all Hedging Agreements for which a Net Termination Value is being determined, the excess, if positive, of (i) the aggregate of the unrealized net loss position of the Borrower and/or its Subsidiaries under each of such Hedging Agreements on a marked to market basis determined no more than one month prior to such time less (ii) the aggregate of the unrealized net gain position of the Borrower and/or its Subsidiaries under each of such Hedging Agreements on a marked to market basis determined no more than one month prior to such time.

"NIG Period" shall mean any period during which the Credit Rating is at all times below the Minimum Investment Grade Rating.

"1996 Restructuring Charge" shall mean the restructuring expense and related costs and expenses in an aggregate amount not in excess of \$500,000,000 recorded or accrued during Holdings' 1996 fiscal year.

"Non-Defaulting Bank" shall mean and include each Bank other than a Defaulting Bank.

"Note" shall have the meaning provided in Section 1.06(a).

"Notice of Borrowing" shall have the meaning provided in Section 1.03.

"Notice of Competitive Bid Borrowing" shall have the meaning provided in Section 1.04.

"Notice of Conversion" shall have the meaning provided in Section 1.07.

"Obligations" shall mean all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing, owing to any Senior Managing Agent, the Payments Administrator or any Bank pursuant to the terms of this Agreement or any other Credit Document.

"Payments Administrator" shall mean Citibank, provided that if Citibank shall cease to constitute a Senior Managing Agent hereunder, the remaining Senior

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Managing Agents shall have the option to appoint one of such remaining Senior Managing Agents as the Payments Administrator.

"Payments Administrator's Office" shall mean the office of the Payments Administrator located at 399 Park Avenue, New York, New York 10043, or such other office in New York City as the Payments Administrator may hereafter

designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Percentage" shall mean at any time for each Bank, the percentage obtained by dividing such Bank's Commitment by the Total Commitment, provided that at any time when the Total Commitment shall have been terminated each Bank's Percentage shall be the percentage obtained by dividing such Bank's outstanding Revolving Loans by the aggregate outstanding Revolving Loans.

"Permitted Commodities Agreement" shall mean any Commodities Agreement entered into in the ordinary course of business by any Subsidiary of the Borrower to the extent consistent with the practices of the Borrower and its Subsidiaries prior to the Effective Date or with then current practices in the industry.

"Permitted Currency Agreement" shall mean any Currency Agreement entered into in the ordinary course of business by any Subsidiary of the Borrower to the extent consistent with the practices of the Borrower and its Subsidiaries prior to the Effective Date or with then current practices in the industry, provided that no domestic Subsidiary (other than domestic Subsidiaries of the Borrower all or substantially all of the business and operations of which are conducted outside the United States) may be an obligor under or a guarantor of any such Currency Agreements entered into after the Effective Date.

"Person" shall mean any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any multiemployer or single-employer plan as defined in Section 4001 of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribution of), or at any time during the five calendar years preceding the date of this Agreement was maintained or contributed to by (or to which there was an obligation to contribution of), the Borrower, a Subsidiary or an ERISA Affiliate.

"Rating Agency" shall mean each of S&P and Moody's.

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"Reference Banks" shall mean BCo, Chase and Citibank.

"Reference Rate" shall mean, at any time, the higher of (x) the rate which is 1/2 of 1% in excess of the Federal Funds Rate and (y) the Base Rate as in effect from time to time.

"Reference Rate Loan" shall mean each Revolving Loan bearing interest at the rates provided in Section 1.09(a).

"Register" shall have the meaning provided in Section 1.06(d).

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Reply Date" shall have the meaning provided in Section 1.04(b).

"Reportable Event" shall mean an event described in Section 4043(b) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Required Banks" shall mean at any time either (A) (i) the Majority SMA plus (ii) Non-Defaulting Banks (including any of the Senior Managing Agents) holding more than 50% of the Adjusted Total Commitment (or, if the Total Commitment has been terminated, of the aggregate principal amount of Loans held by Non-Defaulting Banks), or (B) Non-Defaulting Banks holding more than 66-2/3% of the Adjusted Total Commitment (or, if the Total Commitment has been terminated, of the aggregate principal amount of Loans held by Non-Defaulting Banks).

"Restricted Payments" shall have the meaning provided in Section 8.05.

"Restricted Sales" shall mean and include the sale or other disposition, whether such sale or disposition is of capital stock or assets, by Holdings or any of its Subsidiaries to any Person other than the Borrower or a Wholly-Owned Subsidiary of the Borrower in one or more transactions of all or substantially all or any substantial portion of the assets (other than (i) inventory and equipment to the extent sold or disposed of in the ordinary course of business and (ii) receivables pursuant to any receivables facilities of the Borrower and its Subsidiaries) of the Nabisco Biscuit Division as constituted on the

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Effective Date, provided that Restricted Sales shall not include any issuance by Holdings or the Borrower of its capital stock.

"Restructuring Charge Quarter" shall mean any fiscal quarter of Holdings during its 1996 fiscal year in which it has taken some or all of the 1996 Restructuring Charge.

"Revolving Loan" shall have the meaning provided in Section 1.01(a).

"RJRN" shall mean RJR Nabisco, Inc., a Delaware corporation.

"RJRN Agreements" shall mean, collectively, the Corporate Agreement, the Services Agreement, the Tax Sharing Agreement and the Exchange Agreement.

"RJRN Entity" shall mean RJRN Holdings and each Subsidiary of RJRN other than Holdings and any of its Subsidiaries.

"RJRN Holdings" shall mean RJR Nabisco Holdings Corp., a Delaware corporation.

"S&P" shall mean Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc., or any successor corporation thereto.

"SEC" shall have the meaning provided in Section 7.01(f).

"SEC Regulation D" shall mean Regulation D as promulgated under the Securities Act of 1933, as amended, as the same may be in effect from time to time.

"Senior Managing Agent" shall mean and include BTCo, Chase, Citibank and Fuji, and any successor to any thereof appointed pursuant to Section 11.09.

"Services Agreement" shall mean the Intercompany Services and Operating Agreement, dated as of January 26, 1995, between Holdings and RJRN.

"Specified Permitted Existing Debt" shall mean the Indebtedness existing as of the Effective Date as described in Annex IV and such other Indebtedness of Subsidiaries of the Borrower existing as of the Effective Date and not so listed in an aggregate principal amount not to exceed \$10,000,000.

"Spread" shall mean a percentage per annum (rounded to the nearest .0001%) in excess of, or less than, an Interest Rate Basis.

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"Spread Borrowing" shall mean a Competitive Bid Borrowing with respect to which the Borrower has requested the Banks to make Competitive Bid Loans at a Spread over or under a specified Interest Rate Basis.

"Subsidiary" of any Person shall mean and include (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (ii) any partnership, association, joint venture or other entity in which such Person directly or indirectly through

Subsidiaries has more than a 50% equity interest at the time. Unless otherwise expressly provided, all references herein to "Subsidiary" shall mean a Subsidiary of Holdings.

"Tax Sharing Agreement" shall mean the agreement, dated as of January 26, 1995, as amended on March 23, 1995, between Holdings and RJRN.

"Taxes" shall have the meaning provided in Section 3.04(a).

"Termination Date" shall mean the first date after the Effective Date on which the Total Commitment is zero and there are no outstanding Loans.

"Test Period" shall mean for any determination under Section 8.08 or 8.09 the four consecutive fiscal quarters of Holdings then last ended.

"Total Adjusted Utilization Amount" at any time shall mean the Total Utilization Amount at such time less the aggregate principal amount of all Loans made by Defaulting Banks outstanding at such time.

"Total Commitment" shall mean the sum of the Commitments of each Bank.

"Total Unutilized Commitment" shall mean the excess of (x) the Total Commitment over (y) the sum of (i) the aggregate outstanding principal amount of all Revolving Loans and Competitive Bid Loans and (ii) at any time on or prior to the Commitment Expiry Date, the Commercial Paper Outstandings.

"Total Utilization Amount" shall mean at any time the sum of (i) the aggregate outstanding principal amount of all Revolving Loans and Competitive Bid Loans plus (ii) at any time on or prior to the Commitment Expiry Date, the Commercial Paper Outstandings.

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"Type" shall mean any type of Loan determined with respect to the interest option applicable thereto, i.e., a Reference Rate Loan or Eurodollar Loan.

"UCC" shall mean the Uniform Commercial Code.

"Unfunded Current Liability" of any Plan shall mean the amount, if any, by which the present value of the accrued benefits under such Plan as of the close of its most recent plan year, determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by such Plan's actuary in the most recent annual valuation of such Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

"Utilization Fee" shall have the meaning provided in Section

2.01(b).

"Utilization Period" shall mean each calendar quarter (or portion thereof) ending on or prior to the Termination Date to the extent that during such period the average daily Total Utilization Amount exceeds (x) at all times on or prior to the Commitment Expiry Date, 50% of the average daily Total Commitment and (y) at all times thereafter, 50% of the Total Commitment on the Commitment Expiry Date.

"Wholly-Owned Subsidiary" of any Person shall mean any Subsidiary of such Person to the extent all of the capital stock or other ownership interests in such Subsidiary, other than directors' or nominees' qualifying shares, is directly or indirectly owned by such Person. Establecimiento Modelo Terrabusi SAIC, an Argentine corporation, shall be deemed a Wholly-Owned Subsidiary of the Credit Parties so long as at least 95% of its capital stock is owned, directly or indirectly, by the Borrower.

"Written" or "in writing" shall mean any form of written communication or a communication by means of telex, facsimile transmission, telegraph or cable.

SECTION 11. The Senior Managing Agents.

11.01 Appointment. Each Bank hereby irrevocably designates and appoints BTCo, Chase, Citibank and Fuji as Senior Managing Agents (such term to include any of the Senior Managing Agents acting as Payments Administrator) of such Bank to act as specified herein and in the other Credit Documents, and each such Bank hereby irrevocably authorizes BTCo, Chase, Citibank, Fuji, as the Senior Managing Agents for such Bank, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the respective Senior Managing Agents by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Each Senior Managing Agent agrees to act as such upon the express conditions contained

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in this Section 11. Notwithstanding any provision to the contrary elsewhere in this Agreement, no Senior Managing Agent shall have any duties or responsibilities, except those expressly set forth herein or in the other Credit Documents, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against any Senior Managing Agent. The provisions of this Section 11 are solely for the benefit of the Senior Managing Agents and the Banks, and no Credit Party shall have any rights as a third party beneficiary of any of the provisions hereof, provided that Holdings shall have the rights granted to it pursuant to Section 11.09. In performing its functions and duties under this Agreement, each Senior Managing

Agent shall act solely as agent of the Banks and does not assume and shall not be deemed to have assumed any obligation or relationship of agency or trust with or for either Credit Party. No Managing Agent, Lead Manager, Manager or Co-Manager shall have any duties or obligations in its capacity as such under this Agreement.

11.02 Delegation of Duties. Each Senior Managing Agent may execute any of its duties under this Agreement or any other Credit Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Senior Managing Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care except to the extent otherwise required by Section 11.03.

11.03 Exculpatory Provisions. No Senior Managing Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by Holdings, any Subsidiary or any of their respective officers contained in this Agreement, any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by any Senior Managing Agent under or in connection with, this Agreement or any other Credit Document or for any failure of Holdings or any Subsidiary or any of their respective officers to perform its obligations hereunder or thereunder. No Senior Managing Agent shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of Holdings or any Subsidiary. No Senior Managing Agent shall be responsible to any Bank for the effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement or any Credit Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by any Senior Managing Agent to the Banks or by or on behalf

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of the Borrower to any Senior Managing Agent or any Bank or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default or Event of Default.

11.04 Reliance by Senior Managing Agents. Each Senior Managing Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter,

cablegram, telegram, facsimile transmission, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Credit Parties), independent accountants and other experts selected by such Senior Managing Agent. Each Senior Managing Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Senior Managing Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of the Required Banks (or to the extent specifically provided in Section 12.11, all the Banks), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks.

11.05 Notice of Default. No Senior Managing Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless such Senior Managing Agent has received notice from a Bank or the Borrower or Holdings referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that any Senior Managing Agent receives such a notice, such Senior Managing Agent shall give prompt notice thereof to the Banks. Each Senior Managing Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks, provided that, unless and until a Senior Managing Agent shall have received such directions, such Senior Managing Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

11.06 Non-Reliance on Senior Managing Agents and Other Banks. Each Bank expressly acknowledges that no Senior Managing Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Senior Managing Agent hereafter taken, including any review of the affairs of Holdings or any Subsidiary, shall be deemed to constitute any representation or warranty by any Senior Managing Agent to any Bank. Each Bank

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represents to each Senior Managing Agent that it has, independently and without reliance upon any Senior Managing Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of Holdings and its Subsidiaries and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and

without reliance upon any Senior Managing Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other condition, prospects and creditworthiness of Holdings and its Subsidiaries. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Payments Administrator hereunder, no Senior Managing Agent shall have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, assets, property, financial and other conditions, prospects or creditworthiness of Holdings or any Subsidiary which may come into the possession of such Senior Managing Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

11.07 Indemnification. The Banks agree to indemnify each Senior Managing Agent in its capacity as such ratably according to their aggregate Commitments (or, if the Total Commitment has been terminated, their aggregate Commitments as in effect immediately prior to such termination), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, reasonable expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, incurred by or asserted against such Senior Managing Agent in its capacity as such in any way relating to or arising out of this Agreement or any other Credit Document, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted to be taken by any Senior Managing Agent under or in connection with any of the foregoing, but only to the extent that any of the foregoing is not paid by Holdings or any of its Subsidiaries, provided that no Bank shall be liable to any Senior Managing Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Senior Managing Agent's gross negligence or willful misconduct. If any indemnity furnished to any Senior Managing Agent for any purpose shall, in the opinion of such Senior Managing Agent, be insufficient or become impaired, such Senior Managing Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section 11.07 shall survive the payment of all Obligations.

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11.08 Senior Managing Agents in Their Individual Capacities. Each Senior Managing Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with Holdings and its Subsidiaries as though such Senior Managing Agent were not a Senior Managing Agent hereunder. With respect to the Loans made by it and all Obligations owing to it, each Senior Managing Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not a Senior Managing

Agent, and the terms "Bank" and "Banks" shall include each Senior Managing Agent in its individual capacity.

11.09 Successor Senior Managing Agents. Any Senior Managing Agent may resign as a Senior Managing Agent upon 20 days' notice to the Banks, provided that prior to, and as a condition of, the last remaining Senior Managing Agent so resigning, the Required Banks shall appoint from among the Banks a successor Senior Managing Agent for the Banks subject to prior approval by Holdings (such approval not to be unreasonably withheld), whereupon such successor agent shall succeed to the rights, powers and duties of the Senior Managing Agents, and the term "Senior Managing Agents" shall include such successor agent effective upon its appointment, and the resigning Senior Managing Agent's rights, powers and duties as a Senior Managing Agent shall be terminated, without any other or further act or deed on the part of such former Senior Managing Agent or any of the parties to this Agreement. After any retiring Senior Managing Agent's resignation hereunder as a Senior Managing Agent, the provisions of this Section 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was a Senior Managing Agent under this Agreement.

SECTION 12. Miscellaneous.

12.01 Payment of Expenses, etc. The Borrower agrees to: (i) pay all reasonable out-of-pocket costs and expenses of (x) the Senior Managing Agents, whether or not the transactions herein contemplated are consummated, in connection with the negotiation, preparation, execution and delivery of the Credit Documents and the documents and instruments referred to therein and any amendment, waiver or consent relating thereto (including, without limitation, the reasonable fees and disbursements of White & Case but of no other counsel) and (y) each Senior Managing Agent and each of the Banks in connection with the enforcement of the Credit Documents and the documents and instruments referred to therein (including, without limitation, the reasonable fees and disbursements of counsel for each Senior Managing Agent and for each of the Banks); (ii) pay and hold each of the Banks harmless from and against any and all present and future stamp and other similar taxes with respect to the foregoing matters and save each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes; and (iii) indemnify each Bank, its officers, directors, employees, representatives and agents from and hold each of them harmless against any and all losses, liabilities, claims, damages

or expenses incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of, any investigation, litigation or other proceeding (whether or not any Bank is a party thereto) related to the entering into and/or performance of any Credit Document or the use of the proceeds of any Loans hereunder or the consummation of any other transactions contemplated in any Credit Document, including, without limitation, the reasonable fees and

disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding (but excluding any such losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

12.02 Right of Setoff. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to either Credit Party or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of either Credit Party against and on account of the Obligations and liabilities of such Credit Party to such Bank under this Agreement or under any of the other Credit Documents, including, without limitation, all interests in Obligations of such Credit Party purchased by such Bank pursuant to Section 12.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not such Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

12.03 Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, facsimile transmission or cable communication) and mailed, telegraphed, telexed, telecopied, cabled or delivered, if to a Credit Party, at the address specified opposite its signature below; if to any Bank, at its address specified for such Bank on Annex II hereto; or, at such other address as shall be designated by any party in a written notice to the other parties hereto. All such notices and communications shall be telegraphed, telexed, telecopied, or cabled or sent by overnight courier, and shall be effective when received.

12.04 Benefit of Agreement. (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, provided that no Credit Party may assign or transfer any of its interests hereunder, except to the extent any such assignment results from the consummation of a transaction permitted under Section 8.02, without the prior written consent of the Banks, and provided further, that the rights of each Bank to transfer, assign or grant participations in its rights and/or obligations hereunder shall be limited as set forth below in this Section

12.04, provided that nothing in this Section 12.04 shall prevent or prohibit any Bank from pledging its rights under this Agreement and/or its Loans and/or Note

hereunder to a Federal Reserve Bank in support of borrowings made by such Bank from such Federal Reserve Bank.

(b) Each Bank shall have the right to transfer, assign or grant participations in all or any part of its remaining rights and obligations hereunder on the basis set forth below in this clause (b).

(A) Assignments. Each Bank may assign pursuant to an Assignment Agreement substantially in the form of Exhibit C-2 hereto (each, an "Assignment Agreement") all or a portion of its rights and obligations hereunder pursuant to this clause (b) (A) to (x) one or more Banks or (y) one or more other Eligible Transferees, provided that (i) the consent of the Borrower shall be required in connection with any assignment pursuant to clause (x) or (y) above (which consent shall not be unreasonably withheld or delayed) and (ii) any such assignment pursuant to clause (y) above shall be in the aggregate amount of at least (I) in the event of an assignment relating to this Agreement only, \$10,000,000, except to the extent that after giving effect to any such assignment the assigning Bank shall have reduced its Commitment to zero and (II) in the event of an assignment relating to this Agreement and the Nabisco Credit Agreement, \$5,000,000, provided that the aggregate amount of such assignment under this Agreement and the Nabisco Credit Agreement is at least \$10,000,000, except to the extent that after giving effect to any such assignment the assigning Bank shall have reduced its Commitment hereunder to zero. Any assignment to another Bank pursuant to this clause (b) (A) will become effective upon the payment to the Payments Administrator by (I) either the assigning or the assignee Bank or (II) in the case of an assignment pursuant to Section 1.14, the Replacement Bank, of a nonrefundable assignment fee of \$2,500 and the recording by the Payments Administrator of such assignment, and the resultant effects thereof on the Commitments of the assigning Bank and the assignee Bank, in the Register, the Payments Administrator hereby agreeing to effect such recordation no later than five Business Days after its receipt of a written notification by the assigning Bank and the assignee Bank of the proposed assignment, provided that the Payments Administrator shall not be required to, and shall not, so record any assignment in the Register on or after the date on which any proposed amendment, modification or supplement in respect of this Agreement has been circulated to the Banks for approval until the earlier of (x) the effectiveness of such amendment, modification or supplement in accordance with Section 12.11 or (y) 30 days following the date on which such proposed amendment, modification or supplement was circulated to the Banks. Assignments pursuant to this clause (b) (A) to any Person not theretofore a Bank hereunder will only be effective if the Payments Administrator shall have received a written notice in the form of Exhibit

C-1 hereto from the assigning Bank and the assignee Bank and payment of a nonrefundable assignment fee of \$2,500 to the Payments Administrator

(provided, that in the event of simultaneous assignments relating to this Agreement and the Nabisco Credit Agreement, the fees for such assignments shall total \$2,500) by (I) either the assigning or the assignee Bank or (II) in the case of an assignment pursuant to Section 1.14, the Replacement Bank. No later than five Business Days after its receipt of such written notice, the Payments Administrator will record such assignment, and the resultant effects thereof on the Commitment of the assigning Bank, in the Register, at which time such assignment shall become effective, provided that the Payments Administrator shall not be required to, and shall not, so record any assignment in the Register on or after the date on which any proposed amendment, modification or supplement in respect of this Agreement has been circulated to the Banks for approval until the earlier of (x) the effectiveness of such amendment, modification or supplement in accordance with Section 12.11 or (y) 30 days following the date on which such proposed amendment, modification or supplement was circulated to the Banks. Upon the effectiveness of any assignment pursuant to this clause (b) (A), (x) the assignee will become a "Bank" for all purposes of this Agreement and the other Credit Documents with a Commitment as so recorded by the Payments Administrator in the Register, and to the extent of such assignment, the assigning Bank shall be relieved of its obligations hereunder with respect to the portion of its Commitment being assigned and (y) if such assignment occurs after the Effective Date, the Borrower shall issue new Notes (in exchange for the Note of the assigning Bank) to the assigning Bank (to the extent such Bank's Commitment is not reduced to zero as a result of such assignment) and to the assignee Bank, in each case to the extent requested by the assigning Bank or assignee Bank, as the case may be, in conformity with the requirements of Section 1.06 to the extent needed to reflect the revised Commitments of such Banks. The Payments Administrator will prepare on the last Business Day of each calendar quarter during which an assignment has become effective pursuant to this clause (b) (A) a new Annex I giving effect to all such assignments effected during such quarter and will promptly provide same to the Borrower and each of the Banks.

(B) Participations. Each Bank may transfer, grant or assign participations in all or any part of such Bank's interests and obligations hereunder pursuant to this clause (b) (B) to any Eligible Transferee, provided that (i) such Bank shall remain a "Bank" for all purposes of this Agreement and the transferee of such participation shall not constitute a Bank hereunder and (ii) no participant under any such participation shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (x) extend the final scheduled maturity of any of the Loans or the Commitment in which such participant is participating or (y) reduce the interest rate (other than as a result of waiving the applicability of any post-default increases in

interest rates) or Fees applicable to any of the Loans or Commitments or postpone the payment of any thereof or (z) release the Guaranty. In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against the granting Bank in respect of such participation to be those set forth in the agreement with such Bank creating such participation) and all amounts payable by the Borrower hereunder shall be determined as if such Bank had not sold such participation, provided that such participant shall be entitled to receive additional amounts under Sections 1.11, 1.12 and 3.04 on the same basis as if it were a Bank. In addition, each agreement creating any participation must include an agreement by the participant to be bound by the provisions of Section 12.14 and such participant shall have executed a confidentiality agreement in the form of Exhibit D hereto.

(c) Notwithstanding any other provisions of this Section 12.04, no transfer or assignment of the interests or obligations of any Bank hereunder or any grant of participations therein shall be permitted if such transfer, assignment or grant would require the Borrower or the Guarantor to file a registration statement with the SEC or to qualify the Loans under the "Blue Sky" laws of any State.

(d) Each Bank initially party to this Agreement hereby represents, and each Person that becomes a Bank pursuant to an assignment permitted by the preceding clause (b) (A) will upon its becoming party to this Agreement represent, that it is an Eligible Transferee which makes loans in the ordinary course of its business and that it will make or acquire Loans for its own account in the ordinary course of such business, provided that subject to the preceding clauses (a) through (c), the disposition of any promissory notes or other evidences of or interests in Indebtedness held by such Bank shall at all times be within its exclusive control.

12.05 No Waiver; Remedies Cumulative. No failure or delay on the part of any Senior Managing Agent, Payments Administrator or any Bank in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between either Credit Party and any Senior Managing Agent or any Bank shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which any Senior Managing Agent or any Bank would otherwise have. No notice to or demand on either Credit Party in any case shall entitle either Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Senior Managing Agents or the Banks to any other or further action in any circumstances without notice or demand.

12.06 Payments Pro Rata. (a) The Payments Administrator agrees that promptly after its receipt of each payment from or on behalf of either Credit Party in respect of any Obligations of such Credit Party, it shall, except as otherwise provided in this Agreement (or to the extent waived by any Bank), distribute such payment to the Banks pro rata based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise) which is applicable to the payment of the principal of, or interest on, the Loans or Fees, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total of such Obligations then owed and due to such Bank bears to the total of such Obligations then owed and due to all of the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations to such Banks in such amount as shall result in a proportional participation by all of the Banks in such amount, provided that if all or any portion of such excess amount is thereafter recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

12.07 Calculations; Computations. (a) The financial statements to be furnished to the Banks pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by the Borrower to the Banks), provided that, except as otherwise specifically provided herein, all computations determining compliance with Section 8, including definitions used therein, shall utilize accounting principles and policies in effect at the time of the preparation of, and in conformity with those used to prepare, the historical financial statements referred to in Section 6.09, provided that in the event GAAP shall be modified from that in effect at the time of the preparation of such financial statements, the Borrower shall be entitled to utilize GAAP, as so modified, for purposes of such computations to the extent that (x) the Borrower gives the Banks 30 days' prior written notice of such proposed modification and (y) prior thereto the Borrower and the Majority SMA shall have agreed upon adjustments, if any, to Sections 8.03(e), 8.04(i), 8.05, 8.07, 8.08 and 8.09 (and the definitions used therein) the sole purpose of which shall be to give effect to such proposed change (it being understood and agreed that to the extent that the Borrower and the Majority SMA cannot agree on appropriate adjustments to such Sections (or that no adjustments are necessary), the proposed change may not be effected), and provided further, (i) that if at any time the computations determining compliance with Section 8 utilize accounting principles different from those utilized in the financial statements furnished to the Banks, such financial statements shall be accompanied by

reconciliation work-sheets and (ii) in the event that the obligations and related receivables under any of the existing receivables facilities of the Borrower and its Subsidiaries or under any replacement facilities (to the extent the Liens created thereunder do not attach to assets not subject to Liens under the receivables facility being replaced) are no longer given off-balance sheet treatment, any such obligations, the interest expense or discount thereon and related receivables under such existing or replacement receivables facility shall continue to receive off-balance sheet treatment for purposes of determining compliance with Section 8.

(b) All computations of interest and Fees hereunder shall be made on the actual number of days elapsed over a year of 360 days.

12.08 Governing Law; Submission to Jurisdiction; Venue. (a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. Any legal action or proceeding with respect to this Agreement or any other Credit Document may be brought in the courts of the State of New York or of the United States for the Southern District of New York, and, by execution and delivery of this Agreement, each Credit Party hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each Credit Party further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the respective Credit Party at its address for notices pursuant to Section 12.03, such service to become effective 30 days after such mailing. Each Credit Party hereby irrevocably appoints Nabisco International, Inc., located at 345 Park Avenue, New York, New York 10154 as its agent for service of process in respect of any such action or proceeding. Nothing herein shall affect the right of any Senior Managing Agent or any Bank to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against either Credit Party in any other jurisdiction.

(b) Each Credit Party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Credit Document brought in the courts referred to in the preceding clause (a) and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

12.09 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with Holdings and the

12.10 Headings Descriptive. The table of contents and the headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

12.11 Amendment or Waiver. Except for deemed amendments provided for in Section 9.04, neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Required Banks, provided that (x) no such change, waiver, discharge or termination shall, without the consent of each Bank (other than a Defaulting Bank) with Obligations being directly affected thereby, (i) extend the scheduled final maturity of any Loan or Note, or any portion thereof, or reduce the rate or extend the time of payment of interest (other than as a result of waiving the applicability of any post-default increase in interest rates) thereon or Fees or reduce the principal amount thereof, or increase the Commitment of any Bank over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Commitment shall not constitute a change in the terms of the Commitment of any Bank), (ii) release the Guaranty, (iii) amend, modify or waive any provision of this Section, or Section 1.11, 1.12, 3.04, 9.01, 11.07, 12.01, 12.02, 12.04, 12.06, 12.07(b) or 12.14, (iv) reduce any percentage specified in, or otherwise modify, the definition of Required Banks or (v) consent to the assignment or transfer by either Credit Party of any of its rights and obligations under this Agreement; and (y) the financial covenants set forth in Sections 8.03(e), 8.04(i), 8.05, 8.07, 8.08 and 8.09 (and the defined terms used therein) may be adjusted with the consent of Holdings, the Borrower and the Majority SMA to the extent provided in Sections 7.09 and 12.07(a). No provision of Section 11 may be amended or modified without the consent of any Senior Managing Agent adversely affected thereby.

12.12 Survival. All indemnities set forth herein including, without limitation, in Section 1.11, 1.12, 3.04, 11.07 or 12.01 shall survive the execution and delivery of this Agreement and the making of the Loans, the repayment of the Obligations and the termination of the Total Commitment.

12.13 Domicile of Loans. Subject to Section 12.04, each Bank may transfer and carry its Loans at, to or for the account of any branch office, subsidiary or affiliate of such Bank, provided that the Borrower shall not be responsible for costs arising under Section 1.11, 1.12 or 3.04 resulting from any such transfer (other than a transfer pursuant to Section 1.13) to the extent not otherwise applicable to such Bank prior to such transfer.

12.14 Confidentiality. Subject to Section 12.04, each Bank shall hold all non-public information furnished by or on behalf of Holdings or the

Borrower in connection with such Bank's evaluation of whether to become a Bank hereunder or obtained pursuant

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to the requirements of this Agreement, which has been identified as such by Holdings ("Confidential Information"), in accordance with its customary procedure for handling confidential information of this nature and in accordance with safe and sound banking practices and in any event may make disclosure reasonably required by any bona fide transferee or participant (which shall be an Eligible Transferee) in connection with the contemplated transfer of any Loans or participations therein or as required or requested by any governmental agency or representative thereof or pursuant to legal process or to such Bank's attorneys, affiliates or independent auditors, provided that, unless specifically prohibited by applicable law or court order, each Bank shall notify Holdings of any request by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of such Bank by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information, and provided further, that in no event shall any Bank be obligated or required to return any materials furnished by Holdings or any Subsidiary. Each Bank agrees that it will not provide to prospective assignees, transferees or participants any of the Confidential Information unless such Person has executed a Confidentiality Agreement in the form of Exhibit D.

12.15 Waiver of Jury Trial. Each of the parties to this Agreement hereby irrevocably waives all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement, the other Credit Documents or the transactions contemplated hereby or thereby.

SECTION 13. Guaranty.

13.01 The Guaranty. In order to induce the Banks to enter into this Agreement and to extend credit hereunder and in recognition of the direct benefits to be received by the Guarantor from the proceeds of the Loans, the Guarantor hereby agrees with the Banks as follows: the Guarantor hereby unconditionally and irrevocably guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all indebtedness of the Borrower to the Banks. If any or all of the indebtedness of the Borrower to the Banks becomes due and payable hereunder, the Guarantor unconditionally promises to pay such indebtedness to the Banks, or order, on demand, together with any and all expenses which may be incurred by the Senior Managing Agents or the Banks in collecting any of the indebtedness. The word "indebtedness" is used in this Section 13 in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the Borrower arising in connection with this Agreement and any other Credit Document, in each case, heretofore, now, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined,

whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether the Borrower may be liable

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individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter become otherwise unenforceable.

13.02 Bankruptcy. Additionally, the Guarantor unconditionally and irrevocably guarantees the payment of any and all indebtedness of the Borrower to the Banks whether or not due or payable by the Borrower upon the occurrence in respect of the Borrower of any of the events specified in Section 9.05, and unconditionally promises to pay such indebtedness to the Banks, or order, on demand, in lawful money of the United States.

13.03 Nature of Liability. The liability of the Guarantor hereunder is exclusive and independent of any security for or other guaranty of the indebtedness of the Borrower whether executed by the Guarantor, any other guarantor or by any other party, and the liability of the Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the indebtedness of the Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, or (e) any payment made to the Senior Managing Agents or the Banks on the indebtedness which the Senior Managing Agents or such Banks repay the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and the Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

13.04 Independent Obligation. The obligations of the Guarantor hereunder are independent of the obligations of any other guarantor or the Borrower, and a separate action or actions may be brought and prosecuted against the Guarantor whether or not action is brought against any other guarantor or the Borrower and whether or not any other guarantor or the Borrower be joined in any such action or actions. The Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or other circumstance which operates to toll any statute of limitations as to the Borrower shall operate to toll the statute of limitations as to the Guarantor.

13.05 Authorization. The Guarantor authorizes the Senior Managing Agents and the Banks without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise

change the terms of, the indebtedness or any part thereof in accordance with this Agreement, including any increase or decrease of the

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rate of interest thereon, (b) take and hold security from any guarantor or any other party for the payment of this guaranty or the indebtedness and exchange, enforce, waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as the Senior Managing Agents and the Banks in their discretion may determine and (d) release or substitute any one or more endorsers, guarantors, the Borrower or other obligors.

13.06 Reliance. It is not necessary for the Senior Managing Agents or the Banks to inquire into the capacity or powers of the Borrower or its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

13.07 Subordination. Any indebtedness of the Borrower now or hereafter held by the Guarantor is hereby subordinated to the indebtedness of the Borrower to the Senior Managing Agents and the Banks; and such indebtedness of the Borrower to the Guarantor, if any Senior Managing Agent, after an Event of Default has occurred, so requests, shall be collected, enforced and received by the Guarantor as trustee for the Banks and be paid over to the Banks on account of the indebtedness of the Borrower to the Banks, but without affecting or impairing in any manner the liability of the Guarantor under the other provisions of this Guaranty. Prior to the transfer by the Guarantor of any note or negotiable instrument evidencing any indebtedness of the Borrower to the Guarantor, the Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination.

13.08 Waiver. (a) The Guarantor waives any right (except as shall be required by applicable statute and cannot be waived) to require the Senior Managing Agents or the Banks to (a) proceed against the Borrower, any other guarantor or any other party, (b) proceed against or exhaust any security held from the Borrower, any other guarantor or any other party or (c) pursue any other remedy in the Senior Managing Agents' or the Banks' power whatsoever. The Guarantor waives any defense based on or arising out of any defense of the Borrower, any other guarantor or any other party other than payment in full of the indebtedness, including, without limitation, any defense based on or arising out of the disability of the Borrower, any other guarantor or any other party, or the unenforceability of the indebtedness or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower other than payment in full of the indebtedness. The Senior Managing Agents and the Banks may, at their election, foreclose on any security held by the Senior Managing Agents or the Banks by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Senior Managing Agents and the Banks may have against the Borrower or any other

party, or any security, without affecting or impairing in any way the liability

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of the Guarantor hereunder except to the extent the indebtedness has been paid. The Guarantor waives any defense arising out of any such election by the Senior Managing Agents and the Banks, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Guarantor against the Borrower or any other party or any security. Until all indebtedness of the Borrower to the Banks shall have been paid in full, the Guarantor shall not have any right of subrogation, and waives any right to enforce any remedy which the Senior Managing Agents and the Banks now have or may hereafter have against the Borrower, and waives any benefit of, and any right to participate in, any security now or hereafter held by the Senior Managing Agents and the Banks.

(b) The Guarantor waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. The Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the indebtedness and the nature, scope and extent of the risks which the Guarantor assumes and incurs hereunder, and agrees that the Senior Managing Agents and the Banks shall have no duty to advise the Guarantor of information known to them regarding such circumstances or risks.

13.09 Limitation on Enforcement. The Banks agree that this Guaranty may be enforced only by the action of a Senior Managing Agent acting upon the instructions of the Required Banks and that no Bank shall have any right individually to seek to enforce or to enforce this Guaranty, it being understood and agreed that such rights and remedies may be exercised by each Senior Managing Agent for the benefit of the Banks upon the terms of this Agreement.

* * *

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NABISCO HOLDINGS CORP.
 COMPUTATION OF EARNINGS PER SHARE
 (DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

<TABLE>
 <CAPTION>

	YEAR ENDED DECEMBER 31, 1996		YEAR ENDED DECEMBER 31, 1995	
	<C> PRIMARY	<C> FULLY DILUTED	<C> PRIMARY	<C> FULLY DILUTED
Average number of common and common equivalent shares outstanding during the period (in thousands):				
Common Stock issued and outstanding at beginning of period.....	265,000	265,000	213,250	213,250
Average number of shares of common stock issued during the period.....	46	46	48,012	48,012
Average number of stock options outstanding during the period.....	1,970	2,208	455	815
Average number of common and common equivalent shares outstanding during the period.....	267,016	267,254	261,717	262,077
Income (loss) applicable to common stock:				
Income before extraordinary item.....	\$ 17	\$ 17	\$ 314	\$ 314
Extraordinary item.....	--	--	(19)	(19)
Net income applicable to common stock.....	\$ 17	\$ 17	\$ 295	\$ 295
Income (loss) per common and common equivalent share:				
Income before extraordinary item.....	\$.06	\$.06	\$ 1.20	\$ 1.20
Extraordinary item.....	--	--	(0.07)	(0.07)
Net income.....	\$.06	\$.06	\$ 1.13	\$ 1.13

</TABLE>

NABISCO, INC.
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 (DOLLARS IN MILLIONS)

<TABLE>
 <CAPTION>

		YEAR ENDED DECEMBER 31, 1996
<S>	<C>	
Earnings before fixed charges:		
Net Income.....	\$	17
Provision for income taxes.....		96

Income before income taxes.....		113
Interest expense.....		329
Interest portion of rental expense.....		26

Earnings before fixed charges.....	\$	468

Fixed charges:		
Interest expense.....	\$	329
Interest portion of rental expense.....		26
Capitalized interest.....		15

Total fixed charges.....	\$	370

Ratio of earnings to fixed charges.....		1.3

</TABLE>

NABISCO HOLDINGS CORP.

Name of Subsidiary	Date of Incorporation	Place of Incorporation
Nabisco, Inc.	Feb 03, 1898	New Jersey
Airco IHC. Inc.	Mar 22, 1989	Delaware
A/O Nabisco	Aug 16, 1994	Russia
Arrimo Fomento Comercial Ltda.*	Oct 27, 1987	Brazil
Avare (I.C.P.A. Cerqueirense Ltda)	May 11, 1971	Brazil
Batavia Inc.	Jul 31, 1951	New Jersey
Beech-Nut Life Savers (Panama) S.A.	Jul 12, 1963	Panama
Beijing Nabisco Food Company Ltd. (91.9%)	Mar 16, 1995	China
Carnes y Conservas Espanolas, S.A. (CARCESA)	Dec 02, 1975	Spain
Cartera e Inversiones S.A.*	Mar 05, 1979	Peru
Colophon Company Limited**	Jul 09, 1981	Bermuda
Comercial Benut, S.A. de C.V.**	Mar 16, 1977	Mexico
Companhia Produtos Pilar	Jun 23, 1934	Brazil
Compania Venezolana de Conservas C.A. (COVENCO)	Jul 25, 1969	Venezuela
Consiber, S.A.	Mar 31, 1979	Spain
Covenco Holding C.A.	Nov 26, 1991	Venezuela
Dely, S.A.	Dec 18, 1960	Guatemala
Distribuidora Pan Americana, S.A.	Oct 22, 1974	Panama
Establecimiento Modelo Terrabusi S.A. (99.2%)	Dec 20, 1929	Argentina
Exhold Limited*	Oct 03, 1989	Liberia
Fleischmann Argentina S.A.*	Dec 13, 1990	Argentina
Fleischmann Corporation, The	Nov 02, 1929	Delaware
Fleischmann International, Inc.	Nov 20, 1944	Delaware
Fleischmann Peruana Inc.	Sep 01, 1939	Delaware
Fleischmann Uruguay S.A.	Mar 09, 1961	Uruguay
Freezer Queen Foods (Canada) Limited	Nov 03, 1967	Ontario, Canada
Fulmer Corporation Limited	May 15, 1981	Bahamas
Galletas Artiach, S.A.	Jul 23, 1932	Spain
Galletas Fontaneda, S.A.		Spain
Gelatinas Ecuatorianas S.A. (66.7%)	Nov 21, 1978	Ecuador
Grupo Gamesa, S.A. de C.V. (1%)	Jul 29, 1981	Mexico
Hanover Servicing, Inc.	Apr 13, 1992	Delaware
Hervin Company, The	May 28, 1965	Oregon
Hervin Holdings, Inc.	Mar 29, 1988	Delaware
Huntley & Palmer Foods Pensions Limited	1967	England

* Inactive
 ** In Liquidation
 *** Partnership/Joint Venture/Trust
 **** Nameholder

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NABISCO HOLDINGS CORP.

Name of Subsidiary	Date of Incorporation	Place of Incorporation
IGB - Industria Grafica Brasilicra S.A.	Jul 07, 1945	Brazil
Industria de Colores y Sabores S.A.*	Jun 21, 1967	Colombia
Industria de Laticinios Gloria Ltda.*	Jan 18, 1978	Brazil
Industrias Alimenticias Maguary Ltda.	May 07, 1953	Brazil
Iracema Industrias de Caju Ltda.	Aug 08, 1978	Brazil
Jupiter Produtos Alimenticios Ltda.	Mar 02, 1962	Brazil
Knox Company, The	Dec 30, 1991	New Jersey
Landers Centro Americana Fabricantes de Molinos Marca "Corona", S.A. de C.V. (95%)**	Jan 09, 1979	Honduras
Landers y Cia, S.A.	Oct 01, 1951	Colombia
Leite Gloria do Nordeste S.A.	May 16, 1968	Brazil
Life Savers Manufacturing, Inc.	Apr 21, 1976	Delaware
Lowney Inc.	Jan 01, 1983	Federal, Canada
Luis Vizzolini e Hijos S.A.I.C.	Jun 12, 1961	Argentina
Mahachai Holding Co. Ltd. (49%)	Jan 07, 1986	Thailand
Marbu, S.A.	Oct 26, 1967	Spain
Merola Finance B.V.*	May 09, 1995	Netherlands
MEX Holdings, Ltd.	Nov 27, 1991	Delaware
Mont Pelrin Inc.	May 05, 1954	New Jersey
NABEC, S.A.	Nov 17, 1982	Ecuador
Nabisco Arabia Co. Ltd.***	Jan 29, 1996	Saudi Arabia
Nabisco Argentina S.A.	Mar 14, 1994	Argentina
Nabisco Biscuit Manufacturing (Midwest), Inc.	Dec 21, 1988	Delaware
Nabisco Biscuit Manufacturing (West), Inc.	Dec 21, 1988	Delaware
Nabisco Brands Company	Aug 01, 1995	Delaware
Nabisco Brands Holdings Denmark Limited	Apr 17, 1989	Liberia
Nabisco Brands Nominees Limited*	Aug 22, 1983	England
Nabisco Brazil, Inc.	May 10, 1990	Delaware
Nabisco Caribbean Export, Inc.	Jun 13, 1984	Delaware
Nabisco/Cetus Food Biotechnology Research Partnership (80%)***	Mar 01, 1984	Delaware
Nabisco (China) Limited	Aug 29, 1995	China
Nabisco Chongqing Food Company Ltd.*	Mar 01, 1995	China

Nabisco de Nicaragua, S.A. (60%)	Dec 10, 1965	Nicaragua
Nabisco de Puerto Rico, Inc.	Sep 21, 1951	New York
Nabisco Direct, Inc.	Aug 23, 1995	Delaware
Nabisco Dominicana, S.A.	Dec 11, 1995	Dom. Repub.
Nabisco England IHC, Inc.	Mar 29, 1989	Delaware
Nabisco Enterprises IHC, Inc.	Mar 22, 1989	Delaware
Nabisco Europe, Middle East and Africa Trading, S.A.	Oct 28, 1992	Spain
Nabisco Food (Suzhou) Co. Ltd.	Mar 16, 1995	China

* Inactive
 ** In Liquidation
 *** Partnership/Joint Venture/Trust
 **** Nameholder

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NABISCO HOLDINGS CORP.

Name of Subsidiary	Date of Incorporation	Place of Incorporation
Nabisco Group Ltd.	Jun 02, 1995	Delaware
Nabisco Group Pensions Investments Ltd.	Jun 07, 1962	England
Nabisco Group Pensions Limited	Sep 13, 1977	England
Nabisco Holdings I.B.V.	May 03, 1996	Netherlands
Nabisco Holdings II.B.V.	May 28, 1996	Netherlands
Nabisco Holdings IHC, Inc.	Mar 22, 1989	Delaware
Nabisco Hong Kong Limited	Apr 12, 1994	Hong Kong
Nabisco Iberia Ltda.	Dec 23, 1916	Portugal
Nabisco Iberia, S.L. (98.06%)	Jul 15, 1993	Spain
Nabisco, Inc. Foreign Sales Corporation	Dec 17, 1991	US Virgin Is.
Nabisco International, Inc.	Jul 29, 1947	Delaware
Nabisco International Limited	Dec 11, 1987	Nevada
Nabisco International M.E./Africa L.L.C. (49%)	Mar 22, 1989	Dubai, U.A.E.
Nabisco International Market Development Group, Inc.		Delaware
Nabisco International, S.A.	Nov 26, 1953	Panama
Nabisco Investments, Inc.	Mar 22, 1989	Delaware
Nabisco Investments Ltd.	Jan 30, 1996	Federal, Canada
Nabisco Ltd.	Jan 01, 1993	Federal, Canada
Nabisco Music Publishers, Inc.	Mar 24, 1986	Delaware
Nabisco Music Ventures, Inc.	Mar 24, 1986	Delaware
Nabisco (New Zealand) Limited****	Mar 30, 1990	New Zealand

Nabisco Pension Trust Limited	Aug 31, 1956	England
Nabisco Peru S.A.	Jan 28, 1972	Peru
Nabisco Royal Argentina Inc.	Sep 29, 1934	Delaware
Nabisco Royal Chile Limitada	Mar 22, 1978	Chile
Nabisco Royal Colombiana Inc.	Jan 03, 1938	Delaware
Nabisco Royal de Honduras, S.A.	Jul 22, 1982	Honduras
Nabisco Royal del Ecuador, S.A.	Sep 16, 1977	Ecuador
Nabisco Royal Inc.	Sep 03, 1932	Delaware
Nabisco Royal Panama, S.A.	Mar 07, 1979	Panama
Nabisco S.A. de C.V. (99.5%)	Jun 15, 1992	Mexico
Nabisco Taiwan Corporation	May 27, 1996	Taiwan
Nabisco Technology Company	Dec 13, 1996	Delaware
Nabisco Trading AG	Aug 02, 1960	Switzerland
Nabisco Tunisia S.A.	Jul 02, 1976	Tunisia
Nabisco Venezuela, C.A.	Nov 26, 1991	Venezuela
National Biscuit Company****	Jan 17, 1971	Delaware
Nova Zembla Inc.	Aug 19, 1975	New Jersey

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**** Nameholder

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NABISCO HOLDINGS CORP.

Name of Subsidiary	Date of Incorporation	Place of Incorporation
Plush Pippin Corporation	Aug 06, 1986	Washington
Plush Pippin Restaurants, Inc.	Aug 29, 1974	Oregon
Posto Apolo Ltda.	Dec 05, 1984	Brazil
Productos Alimenticios Royal S.A.	Jan 01, 1966	Costa Rica
Productos Capri S.A.I.C.I.	May 18, 1971	Argentina
Productos Confitados Salvavidas de Guatemala, S.A.	Jul 03, 1974	Guatemala
Productos Mayco S.A.I.C.I.F.	May 11, 1962	Argentina
Productos Royal S.A.*	Dec 27, 1977	Argentina
Produtos Alimenticios Fleischmann e Royal Ltda.	Nov 28, 1964	Brazil
PT Nabisco Foods		Indonesia
Ritz Biscuit Company Limited****	Sep 28, 1989	England

RJR Industries (U.K.) Limited**	Jun 01, 1982	England
RJR Nabisco Securities Ltd.	Sep 28, 1987	Federal, Canada
Royal Beech - Nut (Proprietary) Ltd. (49%)	Jan 02, 1945	S. Africa
Royal Holding C.A.	Nov 26, 1991	Venezuela
Royal Productos Alimenticios, C.A.	Jul 26, 1971	Venezuela
Salvavidas S. de R.L. de C.V.**	Mar 30, 1967	Mexico
Saria Inc.	Mar 09, 1956	New Jersey
Smiths Foods**	Jul 26, 1922	England
Stella D'oro Biscuit Co., Inc.	Jan 02, 1948	New York
Tevalca Holding C.A.	Nov 26, 1991	Venezuela
Transapolo - Transportes Rodoviarios Apolo Ltda.	Oct 24, 1984	Brazil
20th Century Denmark Limited	Mar 06, 1990	Liberia
West Indies Yeast Company Limited (72%)	Nov 29, 1965	Jamaica
Yili - Nabisco Biscuit & Food Company Limited (51%)**	Jan 29, 1985	China

* Inactive

** In Liquidation

*** Partnership/Joint Venture/Trust

**** Nameholder

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December 31, 1996

Revised 3/4/97

CONSENT OF DELOITTE & TOUCHE LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement No. 33-99322 of Nabisco, Inc. on Form S-3 and Registration Statements Nos. 33-88646, 33-93550, 33-93552, 33-93554 and 33-93556 of Nabisco Holdings Corp. on Form S-8, of our report dated January 27, 1997, appearing in this Annual Report on Form 10-K of Nabisco Holdings Corp. and Nabisco, Inc. for the year ended December 31, 1996.

DELOITTE & TOUCHE LLP
Parsippany, New Jersey
March 10, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being a director or officers, or both, of NABISCO, INC., a New Jersey corporation (the "Company"), do hereby make, constitute and appoint James A. Kirkman III and Robert K. DeVries, and each of them, attorneys-in-fact and agents of the undersigned with full power and authority of substitution and resubstitution, in any and all capacities, to execute for and on behalf of the undersigned the ANNUAL REPORT ON FORM 10-K of the Company for the fiscal year ended December 31, 1996, and any and all amendments or supplements to the foregoing Annual Report and any other documents and instruments incidental thereto, and to deliver and file the same, with all exhibits thereto, and all documents and instruments in connection therewith, with the Securities and Exchange Commission, and with each exchange on which any class of securities of the Company is registered, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing that said attorneys-in-fact and agents, and each of them, deem advisable or necessary to enable the Company to effectuate the intents and purposes hereof, and the undersigned hereby fully ratify and confirm all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has subscribed his or her name, this 26th day of February, 1997.

/s/ H. John Greeniaus -----	Chairman, President and Chief Executive Officer
H. John Greeniaus	Director

/s/ Robert A. Schiffner -----	Senior Vice President and Controller
Robert A. Schiffner	

/s/ Herman Cain -----	Director
Herman Cain	

/s/ John T. Chain, Jr.

John T. Chain, Jr. Director

/s/ Steven F. Goldstone

Steven F. Goldstone Director

/s/ David B. Jenkins

David B. Jenkins Director

/s/ Kay Koplovitz

Kay Koplovitz Director

/s/ John G. Medlin, Jr.

John G. Medlin, Jr. Director

-2-

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being a director or officers, or both, of NABISCO HOLDINGS CORP, a Delaware corporation (the "Company"), do hereby make, constitute and appoint James A. Kirkman III and Robert K. DeVries, and each of them, attorneys-in-fact and agents of the undersigned with full power and authority of substitution and resubstitution, in any and all capacities, to execute for and on behalf of the undersigned the ANNUAL REPORT ON FORM 10-K of the Company for the fiscal year ended December 31, 1996, and any and all amendments or supplements to the foregoing Annual Report and any other documents and instruments incidental thereto, and to deliver and file the same, with all exhibits thereto, and all documents and instruments in connection therewith, with the Securities and Exchange Commission, and with each exchange on which any class of securities of the Company is registered, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing that said attorneys-in-fact and agents, and each of them, deem advisable or necessary to enable the Company to effectuate the intents and purposes hereof, and the

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IN WITNESS WHEREOF, each of the undersigned has subscribed his or her name, this 26th day of February, 1997.

/s/ H. John Greeniaus

H. John Greeniaus
Chairman, President and Chief
Executive Officer
Director

/s/ Robert A. Schiffner

Robert A. Schiffner
Senior Vice President and Controller

/s/ Herman Cain

Herman Cain
Director

/s/ John T. Chain, Jr.

John T. Chain, Jr.
Director

/s/ Steven F. Goldstone

Steven F. Goldstone
Director

/s/ David B. Jenkins

David B. Jenkins
Director

/s/ Kay Koplovitz

Kay Koplovitz
Director

/s/ John G. Medlin, Jr.

John G. Medlin, Jr.
Director

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF NABISCO HOLDINGS CORP., WHICH WERE FILED WITH SEC FORM 10-K, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF NABISCO, INC. WHICH WERE FILED WITH SEC FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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