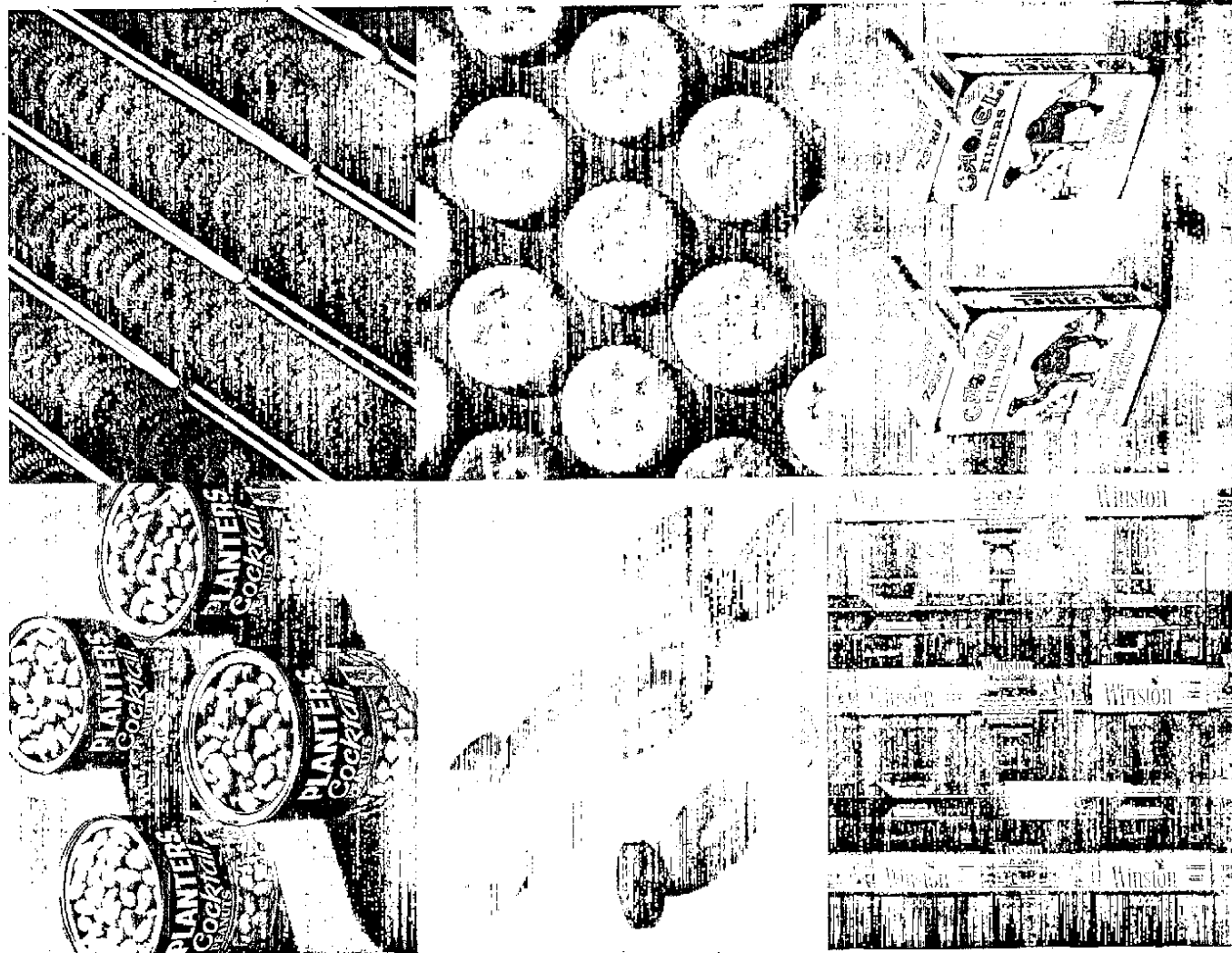


RJR NABISCO



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1992 ANNUAL REPORT
TO SHAREHOLDERS
BOOK ONE

COMPANY DESCRIPTION

RJR Nabisco is a world leader in manufacturing and marketing consumer packaged goods. The company's brands, such as Winston, Salem, Camel, Oreo, Chips Ahoy!, Ritz, Premium, Life Savers, Planters and Care-Free, have been household names to generations of families. These names – and hundreds more – are synonymous with high quality and superior value, characteristics that the company is dedicated to preserving.

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FINANCIAL SUMMARY

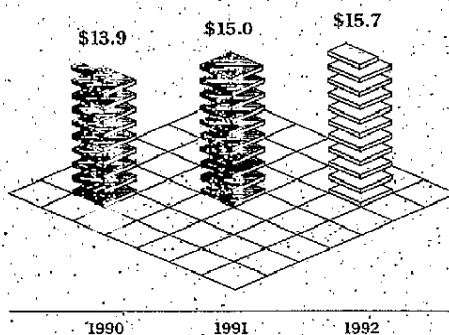
FINANCIAL HIGHLIGHTS

	1992	1991
Net sales	\$15,734	\$14,989
Tobacco	9,027	8,540
Food	6,707	6,449
Business unit contribution*	3,522	3,543
Tobacco	2,687	2,726
Food	947	920
Corporate	(112)	(103)
Operating Income	2,898	2,934
Net Income	299	368
Net Income per share	.20	.22
Income before extraordinary item	776	368
Income per share before extraordinary item	.55	.22
Total debt	14,218	14,531
Total interest expense	1,429	2,113
Preferred stock dividends	31	173

* Operating income before amortization of trademarks and goodwill and the net effects in 1992 of a restructuring expense (\$106 million) and a gain on the sale of the ready-to-eat cereal business (\$98 million).

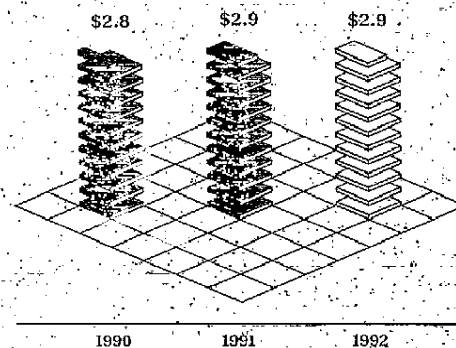
NET SALES

RJR NABISCO HOLDINGS CORP.
(\$ BILLIONS)



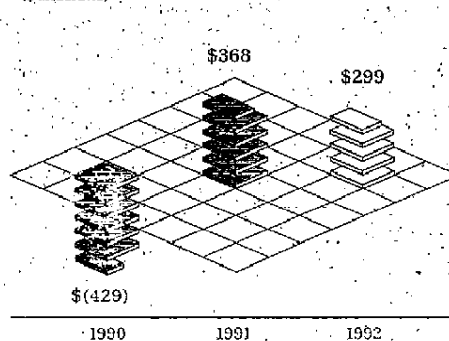
OPERATING INCOME

RJR NABISCO HOLDINGS CORP.
(\$ BILLIONS)



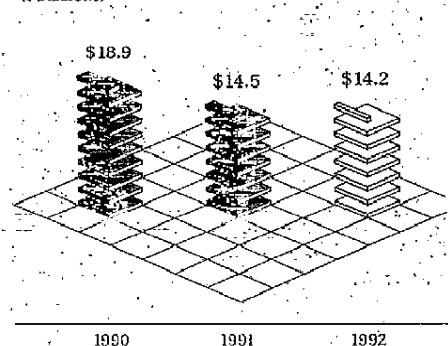
NET INCOME (LOSS)

RJR NABISCO HOLDINGS CORP.
(\$ MILLIONS)



TOTAL DEBT

RJR NABISCO HOLDINGS CORP.
(\$ BILLIONS)



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CHAIRMAN'S LETTER

Dear Fellow Shareholders:

Running a business these days is like running in a marathon. To win you have to be faster than anyone else. But you have to have a strategy for how to run the *whole* race, so that you don't run so fast at the beginning that you fade at the finish line. And you have to be ready for surprises along the way and be smart and nimble enough to turn the unexpected to your advantage.

That's a pretty good description of 1992 for RJR Nabisco. We ran fast to grab important growth opportunities. We worked hard on our core business strategies to build long-term shareholder value. We also bumped into a recession that lasted longer than anyone thought, faced competitive wars in the store aisles, and met a recession-weary consumer along the way who was rethinking old shopping habits.

We started the year having just completed a recapitalization that made us an investment-grade company and gave us the financial flexibility to take advantage of newly opened markets where Communism and government monopolies were falling. We also saw growth opportunities at home.

We made major tobacco investments in Russia, Ukraine, Poland, Turkey, and Hungary. We expanded our food businesses in Mexico, Brazil and Venezuela. In the United States, we strengthened our Nabisco biscuit franchise with the acquisitions of Stella D'oro and New York Style Bagel Chips, expanded our fast-growing food service business with Plush Pippin super-premium pies for in-store bakeries, and added to our presence at the candy counter with Phoenix Confections's Now and Later candy brand.

All the while we continued to work relentlessly on improving our balance sheet. In 1992 we refinanced \$3.62 billion principal amount of high-cost debt. At year-end we had lowered the average interest rate on our debt by 230 basis points from where we started the year. Our 1993 interest bill will fall substantially as a result.

We maintained our high-gear, impatient pace throughout the year because what we were doing was important to accomplishing our long-term business strategies:

- *Grow market share at our domestic tobacco business and restore its ability to grow earnings at a predictable annual rate.*
- *Expand rapidly in both existing and emerging international tobacco markets.*

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- Build on our dominant position in cookies and crackers by edging out into the broader baked goods category, and add depth to our non-biscuit North American foods businesses.
- Develop a portfolio of growing food businesses outside of North America that draws from our North American expertise in baked goods.
- And, continue to reduce debt and interest expense, and free up more capital to enhance shareholder value.

The economy made implementing strategies and everything else tougher throughout the year, especially for American consumer products companies. Consumers simply stayed at home, and when they did venture out, it was too often to the allure of coupons, two-for-one specials and new, low-cost generic and private-label products.

We responded with considerable agility. Nabisco, for example, introduced more than 100 new products last year to help lure reluctant consumers into the biscuit aisle and other parts of the store where our food products are sold.

Still, the economy took its toll on operating results at RJR Nabisco, even as our net income more than doubled, absent extraordinary charges related to debt retirement, to \$776 million. Net sales rose 5 percent to \$15.7 billion, but our operating income of \$2.9 billion only matched the prior year.

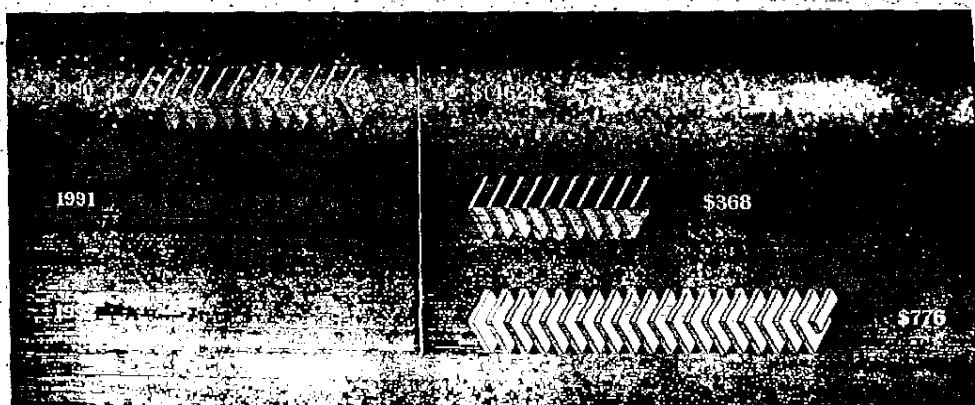
The severity of consumer penny-pinching is no doubt a short-term problem. Already by the end of the year we saw better prices for our lower-priced domestic tobacco products. But even as the economic recovery brings consumers back into stores, they will likely retain some of their recessionary buying habits, like focusing on value. We will have to be leaner and more agile than our competitors in order to be successful meeting those consumer demands.

Despite the economic climate, our business units made considerable progress against their strategic priorities.

Our domestic tobacco subsidiary, R.J. Reynolds Tobacco Co., is stronger than it has been in more than a decade. Operating income for 1992 declined, as we had expected, due to higher marketing spending and booming growth in lower-priced products. However, Reynolds finished the year with total unit volume growth of 3 percent, compared with virtually flat industry volume.

INCOME (LOSS) BEFORE
EXTRAORDINARY ITEM
RJR NABISCO HOLDINGS CORP.
(IN MILLIONS)

1990	1991	1992
\$(462)	\$368	\$776



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CHAIRMAN'S LETTER

All the while, we worked on firming our position in the full-price category. Reynolds has one of the few full-price brands in the industry showing significant volume growth – Camel. We think we have in place the essential dynamics to keep Camel growing in the years ahead.

The international tobacco market has seen more changes in the past year than in any comparable time in its history – and virtually all of them are for the better. R.J. Reynolds Tobacco International invested in plants last year with a combined capacity of more than 80 billion units in markets with tremendous demand for American-blend cigarettes.

We've nearly doubled the size of our international tobacco business over the past four years – and we've barely scratched the surface of emerging business opportunities in the 50 percent of the world market that has opened up to Western manufacturers in just the past two years. Although seizing the best opportunities will require significant further investment, we still expect to deliver solid sales and earnings growth. The prospects for this business are exciting.

Among the new products introduced by the Nabisco Foods Group, which encompasses our North American food businesses, was a new line of reduced-fat and fat-free cookies, crackers and chips under the SnackWell's and Mr. Phipps trademarks. These products jumped off the shelves, generating more than \$65 million in sales in their first five months. The new lines provide us with a new outlet for growth in the biscuit business – nutrition-conscious consumers, the ranks of which are growing as the baby boom generation moves through middle age.

Many of our other new food products underscored the renewed emphasis on marketing we're taking in our non-biscuit food businesses, where we haven't been as dominant. We developed new lines of flavored mustards under the Grey Poupon label, snack-size and spicy Planters nuts, lower-fat Fleischmann's spreads, and Gummi Savers candy.

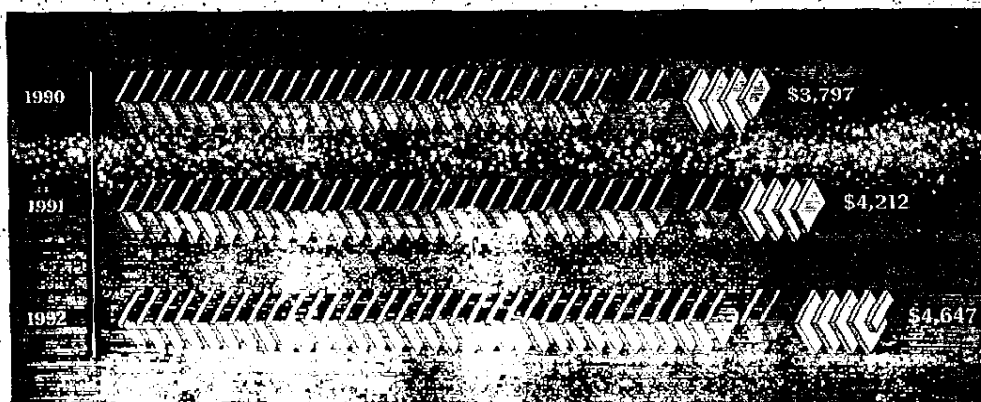
These and other new products helped us maintain volume in a tough economy. But far more important, they provide a foundation for real volume and sales growth in the years ahead.

Food growth may have been slow in North America, but it was explosive in Latin America, where we are investing heavily to expand our international food business. In fact, we see so much potential in that and other markets that we created a separate food unit during the year and brought aboard Rick Thoman to run it.

Latin American food sales topped \$750 million in 1992 through a combination of internal growth and acquisitions. We expect total international food sales of about \$1 billion in 1993, and

BUSINESS INVESTMENT RJR NABISCO HOLDINGS CORP. (\$ MILLIONS)

	1990	1991	1992
MARKETING	\$3,169	\$3,555	\$3,936
RESEARCH & DEVELOPMENT	\$202	\$198	\$192
CAPITAL EXPENDITURES	\$426	\$459	\$519
TOTAL	\$3,797	\$4,212	\$4,647



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are actively evaluating opportunities to enter markets in Europe and Asia.

You'll hear from the people who made all this happen – the senior management of RJR Nabisco – in the remaining pages of this report. They're a tough-minded, chronically restless group with an enormous sense of urgency. I'm proud and happy to work with them.

Those of you who have been following events at a number of America's largest companies know how important culture is to a company's success – or to its failure. We've been working hard on our culture at RJR Nabisco. Four years ago a lot of senior people left the company, but a lot stayed here too – talented people who wanted to play on a new team. We brought in some new players, some of them battle-hardened from other turnarounds. We threw out all the old policy manuals and procedure books and started over.

This management team owns a lot of RJR Nabisco stock – and not just free options. We bought stock with our own money. People say that management in corporate America needs to think more like owner-managers. At RJR Nabisco, we truly *are* owner-managers. We've got a lot on the line with this company, and if that doesn't give us a sense of urgency to create shareholder value, nothing will.

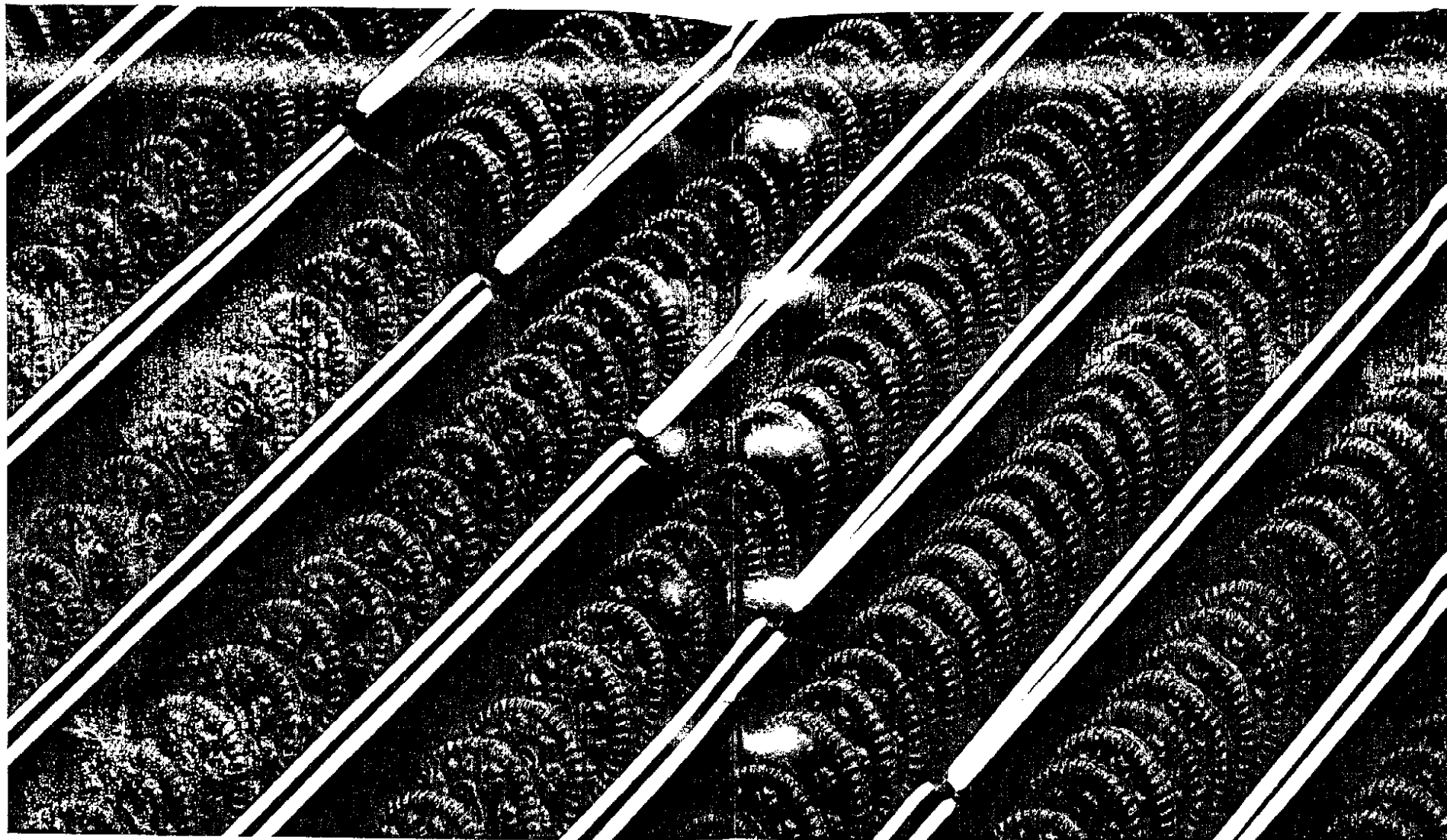
That owner's sense of urgency has served us well over the past four years. Our debt level has been halved. Our financial status made investment-grade. Our business strategies are starting to show results – in new products and product lines, in businesses acquired, in international markets successfully entered, in efficiencies gained.

As an owner-manager, I can assure you we will continue to run fast in 1993 and beyond.



LOUIS V. GERSTNER, JR.

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FOOD OPERATIONS

RJR Nabisco's food operations in the U.S. and Canada are managed by the Nabisco Foods Group, while the company's operations in markets outside of North America are overseen by Nabisco International, Inc.

The company's worldwide food sales were \$6.71 billion in 1992, a 4 percent increase from \$6.45 billion in 1991. Business unit contribution rose 3 percent, to \$947 million in 1992 from \$920 million in 1991.

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NABISCO FOODS GROUP

Nabisco Foods Group's performance in 1992 is a story of progress in a decidedly tough business environment. The economy stubbornly resisted recovery and continued to cut deeply into consumer spending. That made volume growth extremely difficult for many of our North American food businesses. It also prompted retailers to continue to pressure manufacturers, including increased demands for deeper discounts.

We are executing a strategy to accelerate growth in volume and profits by concentrating on four key areas: (i) increased support for our core brands; (ii) aggressive new business initiatives; (iii) a dedication to uniformly high quality in both the products we manufacture and the services we provide to customers; and (iv) an all-out attack on costs.

Some of the results of this strategy took shape during the year. Nabisco introduced more than 100 new items, including a promising new line of reduced- and no-fat cookies and crackers, new margarines and new Mexican foods. We also completed four strategic acquisitions that provide significant opportunities for us to expand into new segments of the markets in which we compete.

In the last year, we've invested more than \$250 million in plant and equipment upgrades, including the ongoing modernization of our bakeries and the construction of a new, technologically advanced margarine plant in Indiana. We've also launched a drive to improve efficiency and productivity throughout the organization by rethinking and redesigning the way we do business in a very changing and challenging market.

H. JOHN GREENIAUS
PRESIDENT
NABISCO FOODS GROUP

Nabisco Foods Group strategically broadened the reach of its confections business by acquiring Phoenix Confections, Inc. in 1992. Phoenix Confections, which had 1991 sales of more than \$35 million, makes and sells Now and Later brand candies, a taffy-like product that is especially popular with youngsters and teenagers — one of the largest segments of the candy market.

Nabisco is integrating Phoenix Confections into its LifeSavers Division, which markets Life Savers candies, Breath Savers mints, and Bubble Yum,



Care-Free, Fruit Stripe and Beech-Nut gums. Nabisco's sales and marketing expertise will build distribution for

Now and Later products in grocery, drug and discount stores and also expand sales in convenience stores, where the brand has been sold primarily.

LifeSavers celebrated its 80th anniversary in 1992 by introducing three "wild" flavors — Tangy Fruits, Tangy Watermelon and Wild Sour Berries — developed for their high appeal to children and teens.



Nabisco Biscuit Company markets the nation's eight top brands of cookies and crackers through a direct store delivery system that is widely acknowledged to be the best in the food industry. The company's 4,500-person sales force enables it to provide individually tailored service to more than 100,000 retail outlets each week ... and to work with those outlets to maintain inventory and product displays that generate sales for Nabisco and the retailer.

During the year, Nabisco launched several initiatives to increase its sales force

effectiveness. The company has developed new merchandising databases and information systems to gain added advantages by analyzing sales promotion performance on a customer-by-customer basis. Nabisco also designs account-specific programs on a geographic, and store-by-store basis, to combine the right mix of cookie, cracker and snack products with the right promotional activity to maximize sales. All Nabisco sales representatives are equipped with hand-held computers to collect and access data.

Nabisco delivery trucks pull



up several times weekly to major retailers like *Safeway*, *Kroger*, *Stop & Shop*, *Wal-Mart* and *Kmart*. But the familiar Ritz or Oreo logos also can be seen on a truck rolling along a road in rural Pennsylvania

on its way to *Hosfeld's General Store* in Stony Run. Like thousands of other family-owned retailers, it plays an important role in bringing Nabisco products to consumers in every market in the country.



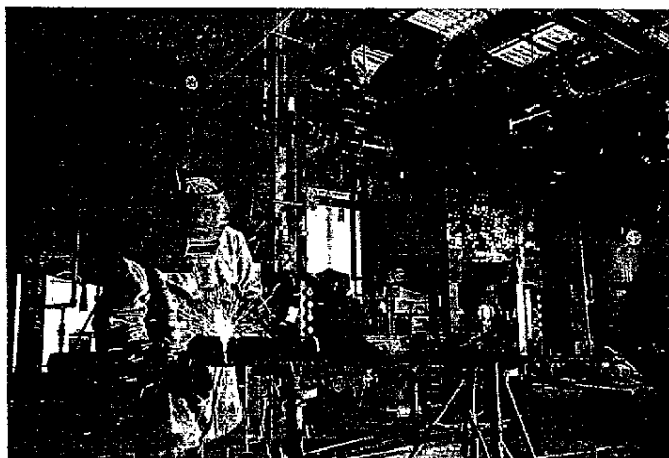


Nabisco's Fleischmann's Division, the nation's second-largest margarine producer, began construction in 1992 of a 300,000-square-foot factory in Indianapolis. When completed, it will be North America's largest margarine production facility. The \$40 million project, which is scheduled to begin production in mid-1993, consolidates operations of two older plants. The new plant will provide Nabisco with the technological capabilities to continue expanding its Fleischmann's and Blue Bonnet margarine franchises, as well

as to enhance product quality and to gain cost advantages through improved manufacturing efficiency.

In 1992, the Fleischmann's Division introduced several new products as part of its

growth strategy. Most significantly, it launched nationally "Move Over Butter," a spread that combines the nutritional characteristics of margarine with the taste attributes and visual appearance of butter.



In May 1992, Nabisco Foods Group acquired the trademarks and certain assets of the New York Style Bagel Chip Company, Inc., the country's leading producer and marketer of bagel and pita chips. The acquisition gives Nabisco a new presence in the deli section of the grocery store, where bagel chips often are sold, while it also expands the company's portfolio of snack products.

Nabisco is marketing the products through Christie Brown USA, a division of its Canadian unit, Nabisco Brands Ltd, which already sells a number of popular specialty products in the United States, including Peek Freans cookies

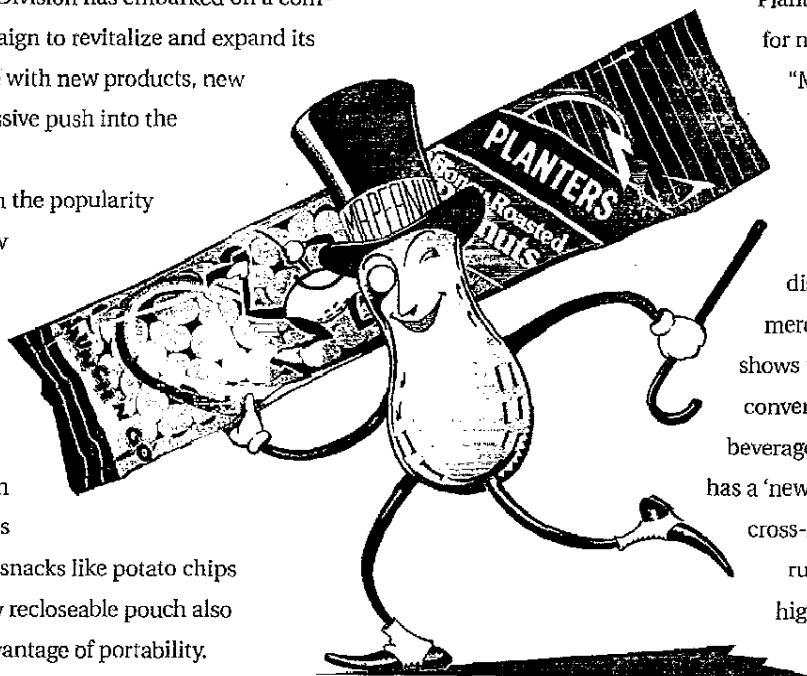
and Stoned Wheat Thins crackers. Plans are underway to expand the New York Bagel Chip franchise, which holds over a 40 percent market share of this small but rapidly growing category. Programs are in the works to add a variety of new products to the 20-item line of bagel and pita chips, to broaden their reach into new markets in the U.S. and to introduce them in Canada.



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Nabisco's Planters Division has embarked on a comprehensive campaign to revitalize and expand its packaged-nuts franchise with new products, new packaging and an aggressive push into the portable snack arena.

Planters capitalized on the popularity of spicy foods with a new "Planters Heat" line of spicy peanuts. Launched in a new foil pouch that allows the product to be displayed standing up on store shelves, it competes directly with other salty snacks like potato chips and corn chips. The new recloseable pouch also gives consumers the advantage of portability.



Planters began an ambitious year for new products by introducing "Munch 'N Go Snacks," which targets convenience store shoppers with eight varieties of nuts offered in long, tubular packages that are displayed in soda-cooler merchandising racks. Research shows that 80 percent of nut sales in convenience stores are made with beverage purchases. Even Mr. Peanut has a 'new look.' Instead of his usual, cross-legged pose, he's depicted running in the displays — highlighting the portability of Planters' new snacks.

Nabisco Foods Group acquired one of the nation's best-known independent bakers of breadsticks, breakfast treats and specialty cookies when it bought the Stella D'oro Co. in 1992.

Stella D'oro, which means "gold star" in Italian, was founded in 1932 as a small, family-owned bakery in Bronx, N.Y. It now has plants in New York; St. Elmo, Ill.; and San Leandro, Calif. In 1991, the company generated sales of \$67 million.

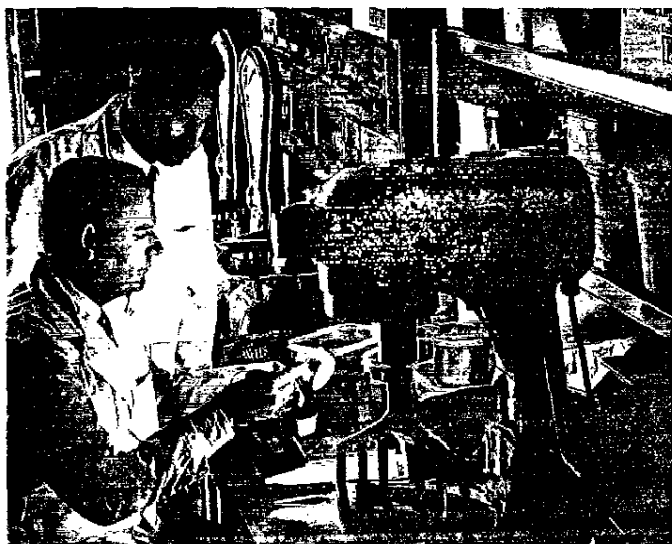
Stella D'oro's products are unique in the baked-goods market and add a new dimension to Nabisco's cookies and crackers. For decades, Stella D'oro has had a loyal following of consumers, particularly in the Northeast and on the West Coast. The acquisition provides new opportunities for Nabisco to use its marketing and distribution strengths to



introduce Stella D'oro to additional consumers throughout the country, as well as to enhance the popularity of the brand in current markets.



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Nabisco Foods Group launched one of the most ambitious new product efforts in its history in 1992, introducing two new lines of snack foods for nutrition-conscious consumers: SnackWell's and Mr. Phipps Tater Crisps.

SnackWell's six fat-free and reduced-fat cookies and crackers stand out on grocers' shelves because of their vivid

green packaging. For shoppers, they represent the combination of good taste and low-fat content.

Research shows that, while many customers want lower-fat content in snacks, they're unwilling to sacrifice taste. The challenge for Nabisco was to develop a line of products to appeal to new consumers and also to follow in the tradition of superior taste that has led

generations of families to enjoy the company's products.

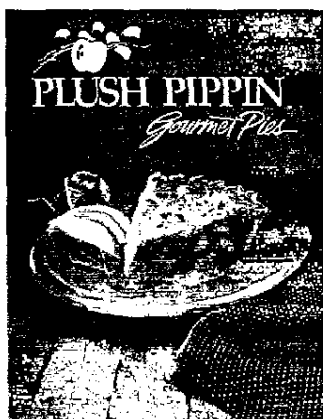
A significant investment in research and development was critical to creating the high-quality products that enabled Nabisco to expand into this new product area of enormous consumer appeal.

Due in large part to the results of consumer taste-tests and technological research conducted at its Schaeferle Technology Center in East Hanover, N.J., Nabisco consistently ranks at the top of the food industry in new product introductions. More than 10 percent of its sales comes from new items every year. Over the past four years, the company's R&D efforts have led to its receiving 219 patents, the highest in the food industry. As a percent of sales, Nabisco's spending on research and development

is about double the food industry's average.

Nabisco also introduced Mr. Phipps Tater Crisps. This baked potato snack comes in three flavors and has less than half the fat of traditional potato chips.

SnackWell's and Mr. Phipps Tater Crisps round out a variety of fat-free and reduced-fat products introduced in the last two years, including Fat Free Fig Newtons, Mr. Phipps Pretzel Chips, Fat Free Mr. Phipps Pretzel Chips, and Fat Free Premium Saltine Crackers.



During the year, the Nabisco Foods Group acquired the Plush Pippin Corporation, a leading supplier of premium quality frozen pies to in-store supermarket bakeries. Plush Pippin, based near Seattle in Kent, Wash., also sells pies to wholesale clubs and food service accounts. A major portion of its 1991 sales of \$22 million were generated in the Western part of the U.S., where Plush Pippin

supplies more premium frozen pies to supermarket bakeries than any other company.

Nabisco is looking to Plush Pippin to broaden the scope of its well developed food service portfolio. The Food Service Division markets Nabisco cookies and crackers to restaurant chains and institutions, along with such other well known products as Grey Poupon mustard, A.I. Steak Sauce, and Fleischmann's

margarines and Egg Beaters egg alternatives.

Nabisco's Food Service Division is broadening Plush Pippin's distribution into other parts of the country and is using Plush Pippin's expertise with the in-store bakery business to assess new distribution channels for other Nabisco products.

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NABISCO INTERNATIONAL

In 1992, we made tremendous progress on our plan to build an important RJR Nabisco international food business that has consistent, high rates of profit growth through a combination of internal growth and acquisitions. At year-end, total sales had crossed the \$750 million threshold and we expect to generate sales of approximately \$1 billion in 1993.

In Latin America, we are one of the largest U.S. multinational consumer food companies with businesses in 18 countries, more than 17,000 employees and 47 factories. We have strong regional brand franchises, particularly under the Nabisco, Royal, and Fleischmann names, as well as important local brands, such as Lance and Yemina in Mexico, and Gloria and Maguary in Brazil. In 1992, we made significant investments in new businesses, plants and equipment in Mexico, Brazil and Venezuela as well as in expanded and upgraded distribution systems and increased advertising levels in our key markets.

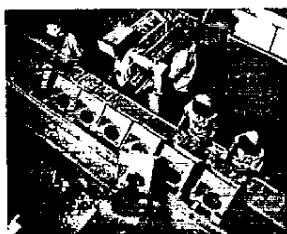
These investments are critical to building a high-quality, global consumer branded foods business in Latin America that draws heavily from the expertise in baked goods, marketing and distribution of its affiliates in North America and provides an important strategic outlet for RJR Nabisco.

Although much of our management resources and investment dollars have been focused on Latin America, we see opportunities in other parts of the world as well and expect to be actively expanding in the Asian and European markets.

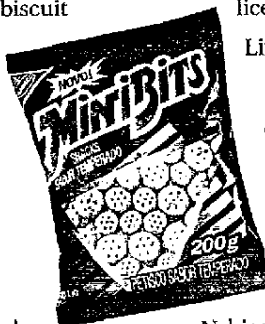
G. RICHARD THOMAN

PRESIDENT

NABISCO INTERNATIONAL, INC.



During the year, Nabisco acquired an additional 43 percent interest in Nabisco La Favorita, its Venezuelan biscuit affiliate, increasing its ownership interest to 93 percent. Nabisco La Favorita markets Club Social, the leading cracker brand in the country, as well as Oreo and other Nabisco brands. In addition to a 41 percent share of the Venezuelan biscuit market, Nabisco International holds the leading market positions in baking powder, dry desserts and yeast with the Royal



and Fleischmann brands. The company also markets canned fruits and vegetables under license from Del Monte, and Life Savers candy products.

Nabisco also began a major expansion of its bakery in Barquisimeto to accommodate the high level of demand in Venezuela for premium cookies and crackers and to enable

Nabisco La Favorita to increase market share. The first line started up at year-end, and the other two will be operational by mid-1993.

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In 1992, Nabisco International acquired Industrias Alimenticios Maguary, Brazil's largest producer and marketer of packaged and bottled fruit juices. Maguary had sales of approximately \$50 million in 1991, the year before the acquisition, and has manufacturing plants in three locations in Brazil. The company markets such fruit juice varieties as Passionfruit, Tamarind, Mango, Pineapple, Grape and Cashew, under the Maguary and Tamba brand names.

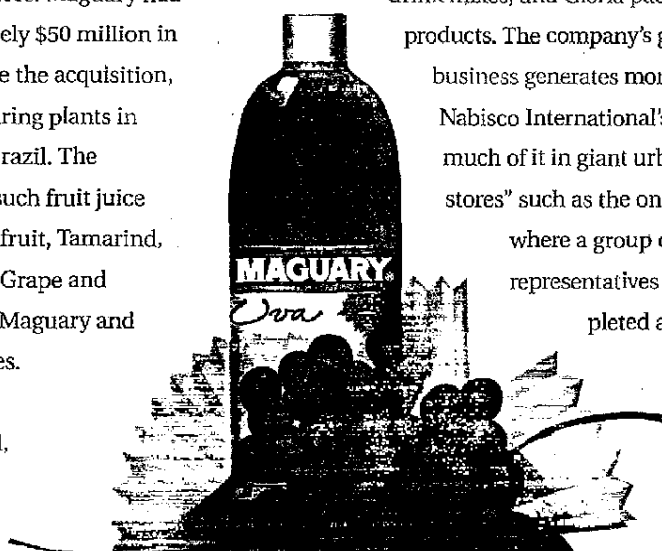
In addition to its leadership in Brazil, Maguary exports about 20 percent of its juices to countries as far away as Japan.

The acquisition expanded Nabisco International's presence in the large grocery products business serving Brazil's 150 million

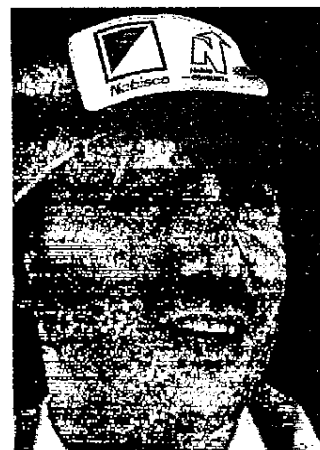
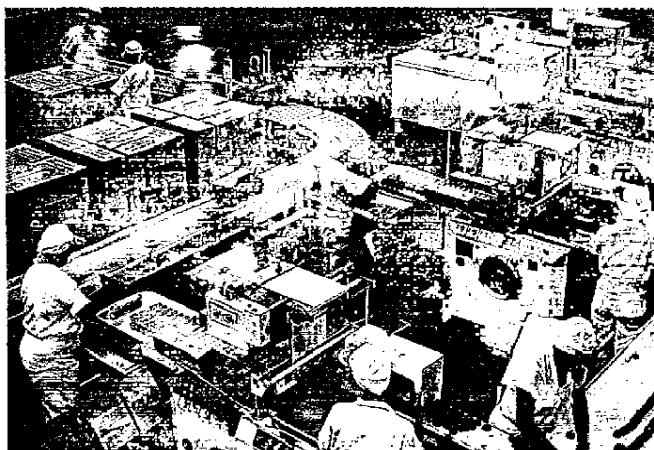
consumers, where the company already has a major business with its Fleischmann's dry yeast, Royal dessert mixes, baking powder and drink mixes, and Gloria packaged milk products. The company's grocery products business generates more than half of Nabisco International's sales in Brazil, much of it in giant urban "super stores" such as the one shown here, where a group of Nabisco sales representatives have just completed a new product display.

A typical Brazilian "super store" is the size of an American

football field and has up to one hundred cash register lines serving thousands of customers each day. Price checkers in the stores use roller skates to move about.



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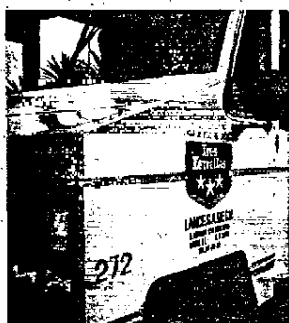
Nabisco International's Brazilian subsidiary, Fleischmann e Royal Limitada, increased its volume of cookie and cracker sales by 31 percent in 1992. The dramatic increase was the result of a successful effort to grow its line of top-quality, premium-priced cookies and crackers by introducing a variety of new products, and supporting new and existing products with aggressive advertising



and consumer promotions.

As the world's fourth-largest biscuit market, Brazil is central to the company's objective of category growth in Latin America. The company began a major expansion of its bakery in Piracicaba, about 100 miles northwest of

São Paulo, to double biscuit production capacity. The first of the new production lines is scheduled to begin operating in the second quarter of 1993.



Nabisco International took two major steps in Mexico in 1992 to provide the company with a strong biscuit base on which to expand in Latin America's second-largest and second-fastest-growing economy.

The company acquired Lance, a rapidly growing Mexican manufacturer of cookies and crackers, pasta, flour and cake mixes based in Mexico City. Lance markets its products under the brand name "Tres Estrellas," which is Spanish for "Three Stars." Lance's established brands

are an important base for Nabisco International's expansion in Mexico's high-growth food business. Nabisco International also agreed to acquire several important food brands from Mexico's largest biscuit company, including its Ritz and Premium brands, which had been distributed under license.

The combined businesses, which have sales of more than \$140 million, provide Nabisco International with a strong biscuit base in Mexico, the leading market position in pasta with the Yemina-brand, and critical mass in a number of other product lines that have significant growth potential.



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TOBACCO OPERATIONS

RJR Nabisco's worldwide tobacco operations are managed in the U.S. by R.J. Reynolds Tobacco Co. and in the rest of the world's markets by R.J. Reynolds Tobacco International, Inc. In 1992, the company's worldwide tobacco

volume rose 3 percent from 1991, net sales increased 6 percent to \$9.03 billion from \$8.54 billion, and business unit contribution was \$2.69 billion, slightly less than \$2.73 billion the year before.

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RJ REYNOLDS TOBACCO COMPANY



At R.J. Reynolds, we continue to aggressively pursue strategies to stabilize market share for our U.S. tobacco business and restore operating income growth. In 1992, amidst a highly competitive environment and recessionary pressures on consumers, we increased our overall share of the domestic tobacco market. Although this improved market performance positions us well for the long term, our financial performance last year reflected the impact of an intense price war coupled with investments in retail sales and marketing capabilities.

Improving the performance of our full-price brands — particularly Winston, Salem and Camel — continues to be our number-one priority, and we strengthened these brands in 1992 with successful marketing programs and product introductions. But last year many consumers flocked to the rapidly growing lower-priced segment of the market, and we decided it was necessary to defend our overall market position by competing more aggressively in that segment. We have done this by promoting our Doral brand to defend its leadership position among discount brands and by introducing new brands in the lowest-price category in response to competitors' moves. These efforts enabled us to out-execute our competitors in these categories and successfully grow market share in the savings segment.

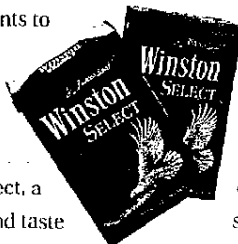
Perhaps the most important accomplishment in 1992, however, was in strengthening our capabilities at R.J. Reynolds. We instituted innovative marketing programs, developed new processes to tailor our promotional efforts to specific geographies and retail outlets, and created new information systems to execute and evaluate these programs. We also increased our ability to manufacture products more efficiently through quality and cost control initiatives in our plants.

We're confident that 1992's improved marketplace performance and strengthened internal capabilities represent a strong base for the future.

JAMES W. JOHNSTON
CHAIRMAN & CEO
R. J. REYNOLDS
TOBACCO COMPANY

Over the past two years, Reynolds Tobacco has made more than 100 separate improvements to its flagship Winston brand to enhance brand quality, attract adult smokers of competitors' brands and provide tangible incentives to preserve the loyalty of current smokers.

In 1992, the company introduced Winston Select, a line with a completely different tobacco blend and taste signature from Winston that is designed to attract interest



among smokers of competitors' brands. Winston Select provides smokers with a smoother, milder flavor that the company believes will give smokers of competitors' brands a new reason to rethink their brand choice and try Winston. Select's advertising and promotional activity reinforce the overall emphasis on product quality, innovation and leadership that are central to successfully repositioning the entire Winston line as the nation's premium cigarette brand.

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R.J. Reynolds Tobacco's Salem brand is the best-selling menthol cigarette in the U.S. The company began testing a new advertising and promotional campaign in selected markets as part of an effort to update the brand's imagery and better address the lifestyles and taste preferences of contemporary adult smokers. The campaign, "Escape to the FreshSide," emphasizes leisure activities that bring to mind many of the most pleasurable moments in life — travel, outdoor activities, and music.

The FreshSide campaign also builds on the product quality

attributes of Salem's FreshWrap aluminum coated polyester overwrap, modeled after Winston's successful FlavorSeal packaging. FreshWrap maintains Salem at peak freshness up to three times longer

than conventional packaging and is viewed as a special competitive advantage among menthol smokers, who are even more sensitive to freshness issues than smokers of non-menthol brands.



Some 15,000 retailers agreed in 1992 to use a comprehensive program designed by Reynolds Tobacco to make it harder for those who are under-age to purchase tobacco products. The program, called "Support the Law — It Works," provides training and instructional materials for store managers to help them comply with minimum-age laws on cigarettes and other age-restricted products. It was developed jointly by the company and retailers nationwide and includes in-store signs alerting customers that age identification is required to purchase age-restricted products, including tobacco.

Reynolds Tobacco is making the training program available free-of-charge to several hundred

thousand stores, in both English and Spanish versions. Major retail chains, including *Dairy Mart* and *Sav-On Drugs*, already have started using the program, and numerous retail trade organizations, including the New England

Convenience Store Association and CAL-PAC South Association in California also have endorsed it.

The "Support the Law — It Works" program is part of Reynolds Tobacco's overall youth non-smoking effort. Other programs under the company's "Right Decisions, Right Now" campaign include in-school instruc-

tional materials for the use of educators, public service announcements, and parental "coaching" materials — all of which actively support the company's position that kids should not smoke.



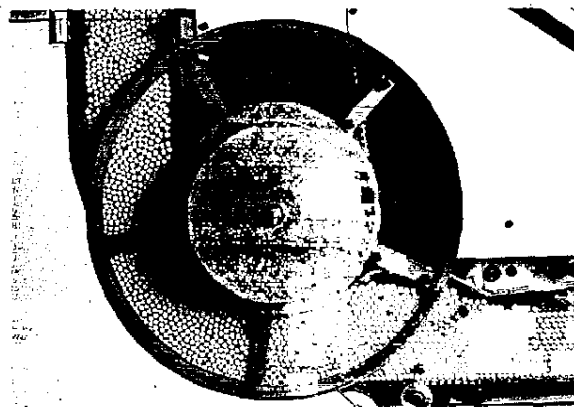
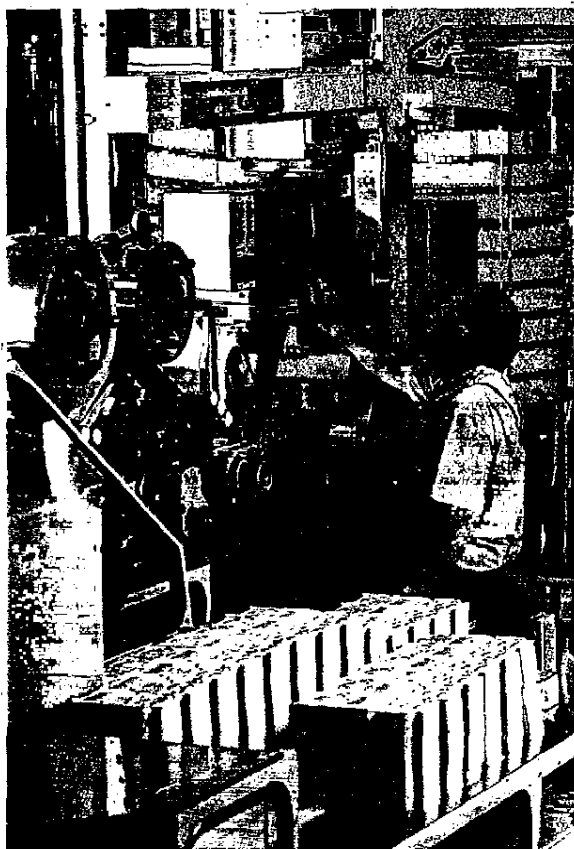
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In today's competitive environment, R.J. Reynolds Tobacco Co. is committed to using all of its financial resources as wisely as possible in order to be able to invest as needed in marketing programs to continue to improve market-share performance. The company continued an aggressive effort to reduce costs in manufacturing, raw materials and administration in 1992, while maintaining its commitment to producing the highest-quality tobacco products possible.

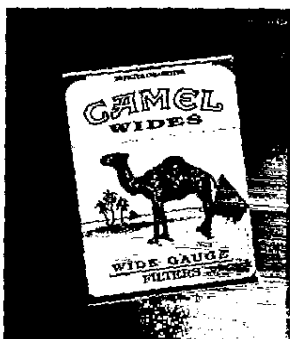
As part of a company-wide effort to reduce costs while continuing to improve product and service quality, teams of Reynolds Tobacco employees have embarked on business process reengineering programs throughout the company that rely on their recommendations to increase productivity and reduce costs. In cigarette manufacturing operations, such as those shown here, employee teams have identified new ways to improve productivity and quality. Their efforts in 1992 cut the

number of manufacturing product rejects by more than 20 percent and also reduced tobacco processing waste by more than 12 percent through changes in equipment configuration and control monitoring procedures.

Employee-led total quality efforts generated some \$65 million in cost savings for Reynolds Tobacco in 1992.



2073272528



R. J. Reynolds's Camel brand was one of only two full-price brands in the U.S. tobacco industry to post volume gains in 1992 and, in fact, finished the year as the country's fastest-growing full-price brand.

Much of Camel's success can be attributed to the appealing brand personality Reynolds has developed for it in recent years with creative advertising, innovative promotions like the successful Camel Cash premium merchandise catalogue, and responsive new product line extensions, such as Camel Wides, which were introduced during the year.

The Camel Cash catalogue, which offers adult smokers premium, brand-logo merchandise including Camel mugs, cigarette lighters and fishing lures, has proven to be

a cost-effective means for the company to generate excitement among adult smokers and prompt them to switch brands.

Camel Wides, which are smoother and wider than the average cigarette, were introduced in March 1992. So far, the results are encouraging: More than half of Camel Wides

purchases have come from smokers of competitors' brands.

Most importantly, both Camel Wides and the new promotional programs have contributed to an overall marketing campaign that has helped the Camel brand family show strength in an extremely competitive environment.



Instead of following a marketing and merchandising strategy that dictates a one-size-fits-all approach to marketing nationally, Reynolds Tobacco decentralized its marketing decision-making to allow its sales force to be more responsive to local market dynamics. The company rolled out its new marketing strategy, called account-specific marketing, on a national basis during 1992.

Account-specific marketing empowers Reynolds marketing and sales managers to make decisions about brand placement, display and in-store advertising placement that more closely fit consumption patterns of each store. So, in markets or outlets where there is an especially strong demand for the company's Winston brand (as shown here) over, say, Camel or Vantage,



Reynolds Tobacco representatives today develop tailor-made in-store programs to take advantage of that interest and maximize the sales potential of the company's most popular products there.

With more than 450 cigarette brand styles currently competing for the attention of smokers, retailers are very selective in stocking the right product mix for their customers. For most stores, cigarettes represent their largest inventory investment. Reynolds Tobacco made major investments in computer technology in 1992 to support the more complicated logistics of account-specific marketing programs. The company made this

commitment because the program gives retailers another reason to give the company's brands the most attractive retail space, which is central to rebuilding its full-price brand portfolio.

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RJ REYNOLDS TOBACCO INTERNATIONAL

Without question, 1992 was the most eventful year in the history of our company. It was a year of unparalleled business growth, as we staked out positions in a number of attractive markets and dramatically expanded our world-wide business base. We finished the year a far different company than we were going in, with half again as many employees and a sales base fully one-third larger. Yet our objective for the company remains the same and that is to grow this business as rapidly as possible while continuing to deliver strong earnings and cash flow growth.

During the year, we responded to openings in Eastern Europe and other regions by acquiring or building manufacturing facilities and developing integrated operations in Russia, Ukraine, Poland, Hungary, and Turkey. At the same time we continued to invest heavily in building brand franchises and strengthening market positions in Europe, Asia, the Middle East and Latin America. These investments add a whole new dimension to our business and significantly increase future earnings potential.

While our primary focus in the past year has been on business building, we were again able to deliver solid sales and earnings growth. That growth was due in large part to continued global emphasis on our international brands — Camel, Winston and Salem — which are three of the strongest selling brands in the world and the backbone of our company. This solid performance reflects the core strengths of our company: Our strong trademarks and clear-cut strategies; our ability to identify and capitalize on new opportunities; and the dedicated, committed people who are the driving force behind our success. These strengths will remain the cornerstone of our business as we look ahead to a future of unbounded opportunities in a large and growing world cigarette market.

DALE F. SISEL
PRESIDENT & CEO
R. J. REYNOLDS TOBACCO
INTERNATIONAL, INC.

In 1992, R.J. Reynolds Tobacco International entered into a joint venture with the government-owned manufacturing company Tabacalera S.A. of Spain to produce, distribute and market two of its flagship cigarette brands, Camel and Winston, in Spain. These brands had been produced under license by Tabacalera since 1983.

As part of the agreement, RJR Tobacco International's manufacturing facility in

La Palma, Canary Islands, and its employees became part of the joint venture. The new joint venture gives RJR Tobacco



International a substantial equity interest in the business and provides it with a greater share in future profit growth. It also enables the company to step up the level of marketing investment and assure future growth for the company in an important European market.

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Construction began in 1992 on RJR Tobacco International's new 135,000-square-foot manufacturing

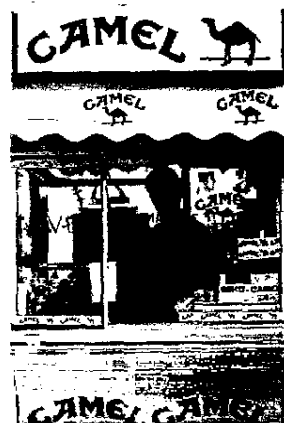


facility in Turkey. When completed in 1993, the factory, which is located in Torbali, some 12 miles from the Aegean port of Izmir, will have production capacity of

10 billion cigarettes annually. The \$50 million construction project represents the start of a \$100 million investment the company plans to make in Turkey over the next decade.

After years of state control, the Turkish tobacco market only recently was opened to foreign manufacturers. Because the country is an 83-billion-unit market with little penetration from western companies, Turkey is an especially attractive development opportunity for RJR Tobacco International.

The company has established a new subsidiary,



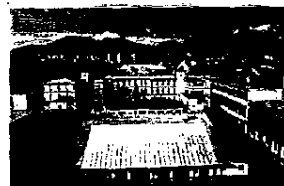
R. I. Reynolds Reklam Ve Pazarlama A.S., to oversee marketing and sales of its Camel and other American-blend brands. Total employment is expected to reach 300 people.

In June of 1992, the Hungarian State Property Agency accepted RJR Tobacco International's bid to acquire the Satoraljujhely cigarette factory, providing the company with a unique opportunity to expand its presence in an Eastern European market where its international brands, such as Camel, are already known.

The factory, located in north-eastern Hungary near the Slovakian and Ukrainian borders, has an annual production capacity of 5.5 billion cigarettes. Under new RJR ownership, it will continue to produce well-known Hungarian cigarette brands while investment begins in

plant and equipment upgrades to accommodate local manufacturing of RJR-trademarked cigarettes.

Hungary is a 26-billion-unit cigarette market of which the Satoraljujhely factory's output accounts for about 20 percent.



2073272531

The whirlwind of political and economic reform in what was once known as the Soviet Union changed the face of the world and opened up a wide range of possibilities for western businesses.



RJR Tobacco International launched business ventures in two of the former Soviet republics — Russia and the Ukraine — in 1992, marking the first time

that an American tobacco company had begun a major manufacturing venture in either of the republics.

In Russia, the company acquired a majority interest in a new partnership with AS-Petro, one of

the republic's largest and most modern cigarette factories, to manufacture many of the country's leading cigarette brands. Based in St. Petersburg, the new partnership is known as RJR-Petro. AS-Petro (formerly the Uritski Tobacco Factory) was the first Russian cigarette company to return to private ownership after being state-owned for 72 years.

RJR Tobacco International is making a substantial investment in new, modern equipment as part of a long-term commitment to improve product quality and significantly increase production of local cigarettes in Russia. When installation of new machinery in the factory is completed, RJR-Petro's annual capacity will increase to 22 billion units, making the venture the largest cigarette producer in Russia.

Russia currently has a deficit of 100 billion cigarettes annually and RJR-Petro will play a major role in alleviating the chronic shortage of cigarettes available to consumers there. In addition to investing in new equipment and plant improvements at the factory, RJR Tobacco International is providing experienced technicians for on-site training in all areas of cigarette manufacturing. RJR-Petro is also working with western suppliers to implement programs for improving Russian tobacco, and manufacturing supplies such as paper, filter and packaging materials.

In the Ukraine, the second-largest of the former Soviet republics, RJR Tobacco International entered into two joint ventures in 1992 to produce cigarettes in that 80-billion-unit market. The joint ventures provided the

company with controlling interests in the Lviv Tobacco Factory in the western Ukrainian town of Vinniki, and the Kremenchug Tobacco Factory, located in the city of the same name in the south central region of the Ukraine. The remaining interests in the two factories are owned by the Ukrainian government.

As in Russia, the company's investments in the Ukraine will include the purchase and installation of technologically advanced equipment and other plant improvements to increase production and product quality in the two factories. Upon completion of the modernization project, total annual production capacity in the factories is expected to increase to nearly 25 billion units, with the potential for additional expansion.

The joint ventures in both countries produce high-quality and affordable local filtered and non-filtered cigarettes, primarily using local tobacco and materials. RJR American-blend brands, such as Camel and Winston, will be introduced in the future.

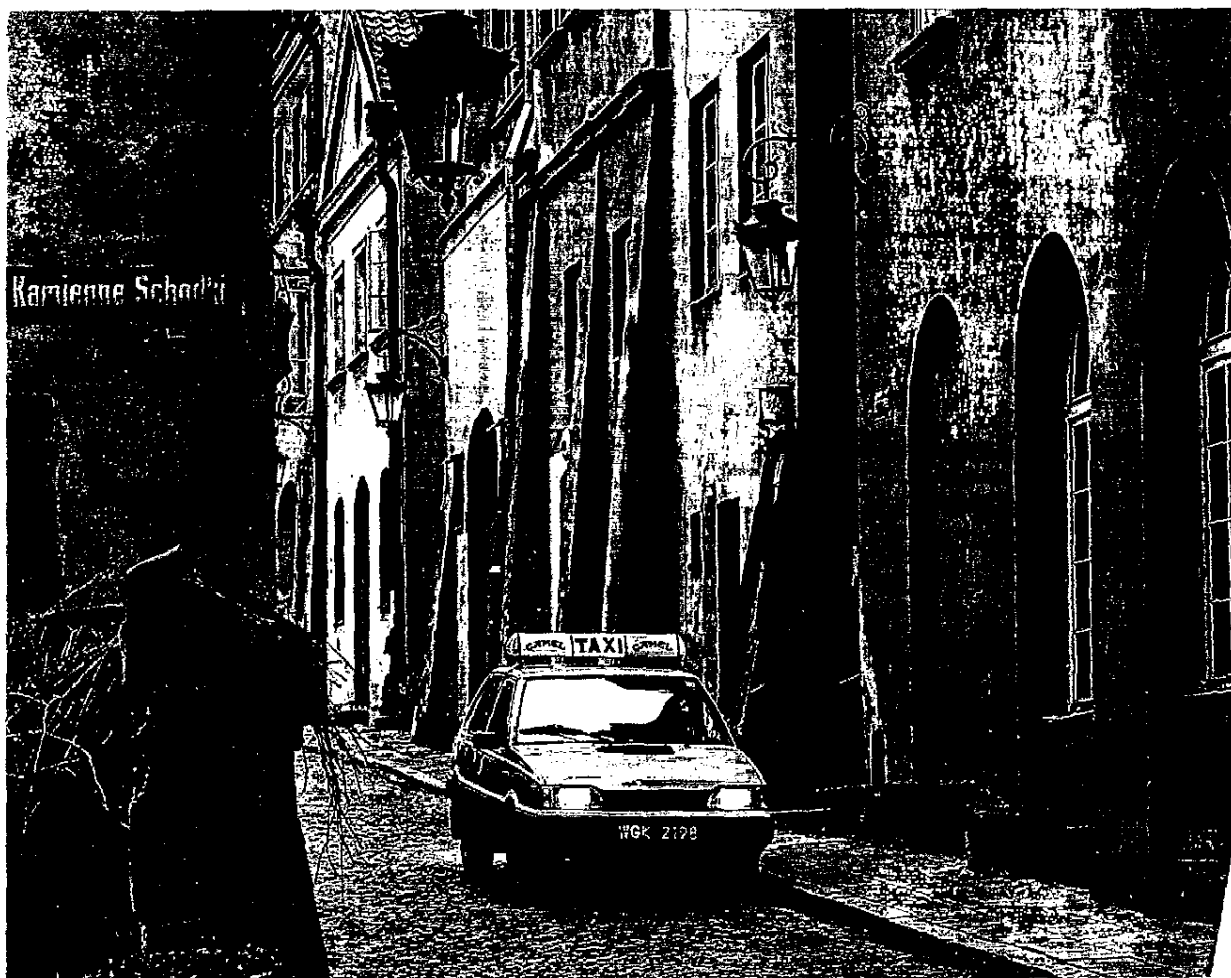
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RJR Tobacco International began construction in 1992 on a \$33-million-cigarette production facility in Warsaw that will be one of the most modern factories in Poland. The new facility, which will encompass 132,000-square-feet and be equipped with technologically advanced manufacturing equipment, is scheduled to begin production in mid-1993.

While awaiting completion of the project, the company has already started to build a market presence — and in the process has become the first Western cigarette company to begin manufacturing in Poland — by using a temporary pilot plant near Warsaw to produce its Camel brand. RJR Tobacco International has already established its own marketing and sales company in the city to handle its growing Polish business.

Capacity at the factory is expected to reach some 8 billion units annually.



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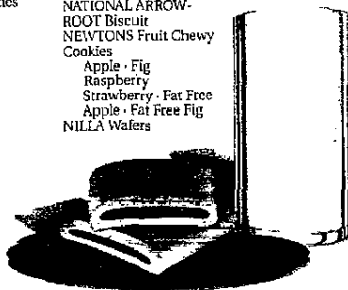
RJR NABISCO PRODUCTS

NABISCO FOODS GROUP NABISCO BISCUIT COMPANY

Cookies

BAKERS BONUS Oatmeal Cookies
BARNUM'S ANIMALS Crackers
BISCOS
Sugar Wafers
Waffle Cremes
Brown Edge Wafers
BUGS BUNNY Graham Cookies
CAMEO Creme Sandwich
CHIPS AHOY! Real Chocolate Chip Cookies
Chewy
Mini
Rockers
Sprinkled
Striped
CHIPS AHOY! Selections Cookies
Chocolate Chunk Pecan
Chunky Chocolate Chip
Heath Toffee Chunk
White Fudge Chunk
Chocolate Chip Snaps
Chocolate Graham
Chocolate Snaps
COOKIE BREAK Vanilla Creme Sandwich
COOKIES 'N FUDGE
Fudge Striped Shortbread
PARTY GRAHAMS

Striped Chocolate Chip
Striped Wafers
Devil's Food Cakes
Famous Chocolate Wafers
Famous Cookie Assortment
HEYDAY Bar, Fudge, Caramel & Peanut
IDEAL Bars Chocolate & Peanut
Imported Danish Cookies
LORNA DOONE Shortbread
MALLOMARS Chocolate Cakes
Marshmallow Puffs Fudge Cakes
Marshmallow TWIRLS Fudge Cakes
MYSTIC Mint Sandwich Cookies
NATIONAL ARROW-
ROOT Biscuit
NEWTONS Fruit Chewy Cookies
Apple - Fig
Raspberry
Strawberry - Fat Free
Apple - Fat Free Fig
NILLA Wafers



NUTTER BUTTER Cookies
Peanut Butter Sandwich
Peanut Creme Patties
Rites
Old Fashion Ginger Snaps
OREO Chocolate Sandwich Cookies
Double Stuf
Fudge Covered
Halloween Treats
Mini
White Fudge Covered
PECAN SUPREME Cookies
PINWHEELS Chocolate & Marshmallow Cakes
Pure Chocolate Middles
SNACKWELLS Cookies
Chocolate Chip
Cinnamon Graham Snaps
Devil's Food Cakes
Oatmeal Raisin
SOCIAL TEA Biscuits
TEDDY GRAHAMS Graham Snaps
Chocolate - Cinnamon - Honey - Vanilla
T.G. BEARWICH Graham Sandwiches
Chocolate - Cinnamon - Peanut Butter
Creme - Vanilla

Crackers

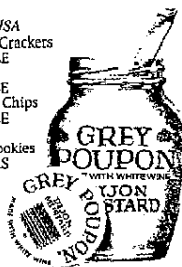
AMERICAN CLASSIC Crackers
Cracked Wheat
Dairy Butter
Golden Sesame
Minced Onion
Toasted Poppy
Bacon Flavored Crackers
BETTER CHEDDARS Snack Thins
Low Salt
CHEDDAR WEDGES Cheese Crackers
Cheese TID-BIT Crackers
CHICKEN IN A BISUIT Flavored Crackers
CROWN PILOT Crackers
GARDEN CRISPS Vegetable Crackers
Graham Crackers
HARVEST CRISPS Snack Crackers
Five Grain - Oat - Rice
HONEY MAID
Cinnamon Graham
Honey Graham
NIPS Cheddar Cheese Snack Crackers
OAT THINS Snack Crackers
OYSTERTTES Soup & Oyster Crackers
PREMIUM Saltine Crackers
Bits
Fat Free
Low Salt
Plus Whole Wheat
Soup and Oyster
Unsalted Tops

MR. PHIPPS PRETZEL CHIPS

Fat Free
Original
Lightly Salted
MR. PHIPPS TATER CRISPS
Bar-B-Que
Original
Sour Cream 'n Onion
NAB Packs
Cheese Peanut Butter Sandwich
Peanut Butter Toast Sandwich
Pie Crusts
HONEY MAID GRAHAM
NILLA
OREO

Christie Brown USA

ENTERTAINERS Crackers
NEW YORK STYLE
Bagel Chips
NEW YORK STYLE
Bite Size Bagel Chips
NEW YORK STYLE
Pita Chips
PEEK FREANS Cookies
RED OVAL FARMS
Crackers



SPECIALTY PRODUCTS DIVISION

A.I. Steak Sauce
BRER RABBIT Molasses Syrups
COLLEGE INN Broths
CREAM OF RICE Cereal
CREAM OF WHEAT Cereal
Instant
Mix 'n Eat
Quick
Regular
DAVIS Baking Powder
GREY POUPON Mustards
Country - Dijon - Honey
Horseradish - Parisian - Peppercorn
MILK-BONE Brand
BUTCHER'S CHOICE
Dog Biscuits
Dog Treats
Flavor Snaps
Puppy Biscuits
T.G. Biscuits
T.C. Rawhide Strips
MY-T-FINE Puddings and Pie Fillings
ORTEGA Mexican Foods
Chiles
Green Chili Salsa
Jalapenos
Picante Sauce
Taco Seasoning Mixes
Taco Shells and Kits
Thick & Chunky Salsa
Thick & Smooth Taco Sauce

REGINA Cooking Wines and Wine Vinegars

ROYAL
Gelatin
Instant Puddings and Pie Fillings
No Bake Desserts
Puddings and Pie Fillings
SugarFree Instant Puddings and Pie Fillings
SugarFree Gelatins
TOASTERTES
Frosted
Regular
VERMONT MAID Syrup
Breakfast
Lite
WRIGHT'S Liquid Smoke

PLANTERS DIVISION

PLANTERS Oil-Roasted Nuts
Cashews
Cocktail Peanuts
Mixed Nuts
Select Mix
Sesame Nut Mix
SNACK SACK Peanuts
Spanish Peanuts
Sweet-N-Crunchy Peanuts
PLANTERS Honey Roasted Nuts
Cashews
Mixed Nuts
Peanuts
Peanut/Cashew Mix

PLANTERS Dry-Roasted Nuts

Cashews
Mixed Nuts
Peanuts
Sunflower Seeds
PLANTERS Snacking Nuts
BULLPEN CHEW Sunflower Seeds
Cashews
Fruit 'N Nut Mix
Honey Roasted Almonds
Honey Roasted Cashews
Honey Roasted Mixed Nuts
Honey Roasted Peanuts
Honey Roasted Pecans
Mixed Nuts
Peanuts
Pistachios
Spanish Peanuts
Sunflower Kernels
Sunflower Seeds

PLANTERS Conister Snacks

Cheez Balls
Cheez Curls
Corn Chips
King Corn Chips
Nacho Cheese Cheez Balls
Nacho Cheese Cheez Curls
Pretzel Twists

LIFE SAVERS Pops

Assorted Flavors
Christmas Pops
Easter Pops
Halloween Pops
Swirled
Valentine Pops Gift Box

LIFE SAVERS WILD FLAVORS

Tangy Fruits
Tangy Watermelon
Wild Sour Berries
NOW and LATER
Apple - Banana - Blue Raspberry -
Bubble Gum - Cherry - Cotton Candy -
Grape - Mystery Mix - Orange -
Passion Fruit - Pineapple - Radberry -
Rainbow - Red, White and Blueberry -
Strawberry - Tingleberry - Tropical Punch -
Watermelon - Wildberry

FLEISCHMANN'S DIVISION

BLUE BONNET Margarine
Better Blend
Light
FLEISCHMANN'S EGG BEATERS
Cholesterol-Free 99% Real Egg Product
Cheese Omelette Mix
Vegetable Omelette Mix

FLEISCHMANN'S Margarine and Spreads

Diet
Extra Light
Light
MOVE OVER BUTTER
Squeeze
Unsalted
Whipped

FOOD SERVICE DIVISION

Note: Food Service Division sells products from all of NFG's divisions. It also sells:
PLUS PIPPIN PIES
CREME

Banana - Bavarian - Chocolate - Coconut -
German Chocolate - Key Lime -
Peanut Butter - Sour Lemon

FRUIT

Apple - Apple/Rhubarb - Apricot -
Blueberry - Cherry - Dutch/French Apple -
Marionberry - Peach - Pineapple - Raisin -
Rhubarb - Strawberry/Rhubarb

MERINGUE

Chocolate - Coconut -
German Chocolate - Lemon

SPECIALTY

Coconut Custard - Cream Cheese - Custard -
French Silk - Mince - Pecan - Pumpkin

NABISCO BRANDS LTD (CANADA)

AYLMER
Canned Fruits and Vegetables
Jams
Soups
Tomato Products
CHRISTIE
Cookies
Crackers
Snacks
CORONATION Condiments
DAD'S Cookies
DAVID Cookies
DEL MONTE
Beverages
Canned Fruits
Canned Vegetables
Pudding Cups
Tomato Products
HARNOIS Cookies
IDEAL Canned Vegetables
MAGIC Baking Powder
MILK-BONE Pet Snacks
NEW YORK STYLE Bagel Chips
PEEK FREANS Biscuits and Crackers
RED OVAL FARM Crackers
ROYAL ROSE Canned Vegetables

*Registered user of the trademark from Del Monte Corp.

NABISCO INTERNATIONAL, INC.

ANSELM
Cookies
Crackers
AURORA
Gelatin
Puddings
Flan

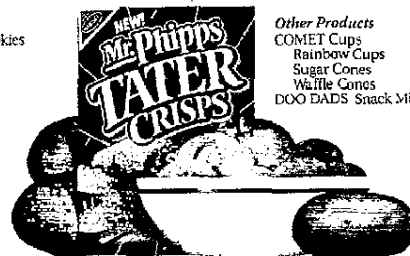


BUBBLE YUM
Bubble Gum
CAMEO Cookies
CHIPS AHOY! Cookies
CORONA Corn Mills
DEL MONTE
Fruits
Vegetables
Tomato Products
FAMOSA Cookies
and Crackers
FIESTA Chocolate
Candy
FLEISCHMANN
Artificial Flavors
Bakery Pre-Mixes
Dough Improver
Yeast

RITZ BITS Mini RITZ Crackers
 Cheese Pizza
 Cheese Sandwiches
 Low Salt
 Nacho Cheese
 Peanut Butter Sandwiches
 With Whole Wheat
 RITZ Crackers
 Low Salt
 With Whole Wheat
 RITZ Snack Mix
 ROYAL LUNCH Milk Crackers
 SNACKWELLS Crackers
 Cheese
 Wheat
 SNORKELS Fun Crackers
 Cheddar
 Pizza
 Ranch
 SOCIABLES Crackers
 SWISS CHEESE Snack Crackers
 TRISCUIT Wafers
 Deli-Style Rye
 Garden Herb
 Low Salt
 Wheat 'N Bran
 TWIGS Sesame/Cheese Snack Sticks
 UNEEDA Biscuits, Unsalted Tops
 VEGETABLE THINS Flavored Crackers
 WAVERLY Crackers
 Low Salt
 WHEATSWORTH Stone Ground
 Wheat Crackers

WHEAT THINS Snack Crackers
 Low Salt
 Multi-Grain
 Nutty
 ZINGS Cracker Chips
 Cheddar - Original - Ranch
 ZWIEBACK
 Stella D'oro Products
 Almond Toast (tandem)
 Amaretto
 ANGEL BARS
 ANGEL PUFFS
 ANGEL WINGS
 ANGELICA GOODIES
 ANGINETTI
 ANISETTE
 ANISETTE SPONGE
 ANISETTE TOAST
 Biscottini Cashews
 Bread Sticks
 Diet
 Diet Sesame Onion
 Multi-Grain
 Pizza
 Sesame
 Wheat
 BREAKFAST TREATS
 CASTELETS
 Chocolate
 CHINESE DESSERT COOKIES
 Coconut Bars
 Coconut Macaroons

COMO DELIGHT
 DEEP NIGHT FUDGE Cookies
 Diet Coconut Cookies
 Diet Kichel
 Diet Pastry
 Apple - Peach
 Apricot - Prune
 Dutch Apple Bars
 Egg Biscuits
 Diet
 Sugared
 EGG JUMBO
 Fruit Slices
 GOLDEN BARS
 Holiday
 Ring & Stars
 Trinkets
 Hostess Assortment
 LADY STELLA
 ASSORTMENT
 LOVE COOKIES
 MARGHERITE
 Pfefferkuchen
 REGINA (Sesame)
 ROMAN EGG BISCUITS
 Anise - Rum & Brandy - Vanilla
 ROYAL NUGGETS
 SWISS FUDGE



Other Products
 COMET Cups
 Rainbow Cups
 Sugar Cones
 Waffle Cones
 DOD DADS Snack Mix

EASY CHEESE Pasteurized
 Process Cheese Spread
 American - Cheddar - Cheese 'n Bacon
 Nacho - Sharp Cheddar
 CRACKER MEAL
 Fat Free PREMIUM Cracker Crumbs
 Graham Cracker Crumbs
 MISTER SALTY Pretzels
 Dutch
 Fat Free Sticks
 Fat Free Twists
 Mini
 Sticks
 Twists



PLANTERS Single
 Serve Nuts and
 Snacks
 Cashews
 Cheese Squares
 Cheez Balls
 Cheez Curls
 Corn Chips

Raw Spanish Peanuts
 Walnuts
 PLANTERS MUNCH 'N GO
 BBQ Sunflower Kernels
 Cheese Squares
 HEAT Hot Spicy Peanuts
 Honey Roasted Peanuts
 No-Shell Pistachios
 Peanut Variety Pack
 Round Toast
 Salted Cashews
 Salted Peanuts
 Sunflower Kernels
 Sunflower Seeds
 PLANTERS Oils
 Peanut
 Popcorn
 PLANTERS Peanut Candy
 Original Peanut Bar
 Mr. Peanut Chocolate Candy

LIFESAVERS DIVISION

BEECH-NUT Gum
 Cinnamon
 Peppermint
 Spearmint
 BREATH SAVERS Sugar Free Mints
 Mint Cinnamon
 Peppermint

Spearmint
 Wintergreen
 BUBBLE YUM Gum
 Bananaberry Split
 Grape
 Halloween Bag
 Regular
 Sour Apple
 Sour Cherry
 Strawberry Stripe
 Three Flavor
 Wet 'N Wild Watermelon
 Sugarless BUBBLE YUM Gum
 Grape
 Peppermint
 Regular
 Strawberry
 CARE-FREE Sugarless Gum
 Cinnamon
 Peppermint
 Spearmint
 Regular Flavor Bubble Gum
 Wild Cherry Flavor Bubble Gum
 Wintergreen Flavor Bubble Gum
 FRUIT STRIPE Gum
 Bubble Gum
 Regular

LIFE SAVERS Hard Roll Candy
 Butter Rum
 Cards 'n Candy
 Cin-O-Mon
 Cryst-O-Mint
 Easter Variety EGG-SORTMENT
 Fancy Fruits
 Five Flavor
 Halloween Bag
 Holiday Keepsake Tin
 Pep-O-Mint
 Spear-O-Mint
 Sunshine Fruits
 Sweet Story Book
 Tropical Fruits
 Valentine Book
 Wild Cherry
 Wint-O-Green
 LIFE SAVERS GUMMI SAVERS
 Five Flavor
 Mixed Berries
 Tangy Fruits
 LIFE SAVERS HOLES
 Five Flavor
 Hole-O-Veen Bag
 Island Fruits
 Outrageously Fruity
 Sunshine Fruits
 Tangerine
 Wint-O-Green

GLORIA Milk Products
 HONEY BRAN Cracker
 IRACONIA Cashews
 KONITOS Cookies
 KRAKER BRAN Cracker
 LIFE SAVERS
 Roll Candy
 Lollipops
 MAGUARY Juices
 MARTINSON Candies
 OMEGA Gum
 OREO Cookies
 PEPITO Bubble Gum
 PLANTERS Snacks
 POMMY
 Condiments
 Mushrooms
 PORTENAS Cookies and Crackers
 PREMIUM Crackers
 RITZ Crackers
 ROYAL
 Baking Powder
 Cane Mixes
 Drink Mixes
 Flan
 Gelatins
 Ice Cream Mix
 Milk Shake Mix
 Puddings
 ROYALINA Whole Milk Powder

SAROMA
 Cookies
 Crackers
 Gelatin
 Diet Gelatin
 Pudding
 Diet Pudding
 Flan
 Drink Mixes
 SNUKI Roll Candy
 TRAKINAS Cookies
 TRES ESTRELLAS Cookies
 and Crackers
 UNIVERSAL
 Blenders
 Fans
 Pressure Cookers
 Skillets
 YEMINA Pasta



R.J. REYNOLDS TOBACCO COMPANY

Cigarette Brand Families
 Winston
 Salem
 Camel
 Doral
 Vantage
 More
 NOW
 Magna
 Century
 Sterling

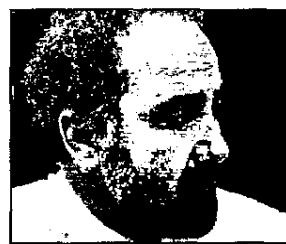
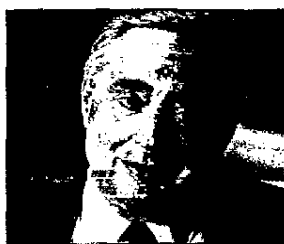
R.J. REYNOLDS TOBACCO INTERNATIONAL, INC.

International Cigarette Brands
 Camel
 Winston
 Salem
 More
 Vantage
 YSL

Key National Brands
 United Kingdom
 Dorchester
 Dickens & Grant
 Belgium/Luxembourg
 St. Michel
 Germany
 Club
 Reyno
 Overstolz
 Middle East
 Monte Carlo
 Gold Coast
 Doral
 Aspen
 Winchester
 Canada
 Export "N"
 Macdonald
 Select
 Macdonald
 Special
 China
 Golden Bridge
 Sprint



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CORPORATE INITIATIVES

During 1992, RJR Nabisco made significant progress on a number of company-wide initiatives intended to better position the company for the future. The company undertook a multi-billion-dollar debt refinancing effort and launched an employee education and training initiative that was singled out by a variety of labor relations experts for its responsiveness and level of commitment. The company also completed the third year of its funding commitment of a \$30 million investment program in public school reform intended to move the country toward a better educational system.

Some of the highlights follow.

(LEFT TO RIGHT)

KARL M. VON DER HEYDEN

EUGENE R. CROISANT

LAWRENCE R. RICCIARDI

In March 1992, RJR Nabisco became the first corporation ever to launch an all-out effort to put post-secondary education financially within the reach of the children of all of its U.S. employees. The program is part of a comprehensive initiative to put the company's commitment to improving America's educational system and workforce into practice with its own employees.

As part of the initiative, the company offers employees a variety of financial aids, including matched savings, loan subsidies and scholarships to provide that no child of an RJR Nabisco employee will be

denied post-secondary education for lack of funds. The financing program is part of an effort to ensure that all of the company's employees are prepared to meet today's workplace challenges, and that future employees will have the



necessary skills to succeed in a more competitive, global economy. Other parts of the program include work skills

training for all employees who need it and release time to enable parents to accompany their children to school when necessary. The company also sponsors employee workshops that help employees become more active in reforming local school programs and awards cash grants of up to \$2,000 to help employees fund special programs or major changes in their local school systems.

So far, more than 2,500 RJR Nabisco employees have taken advantage of the new program, which the company views as an important investment in its ability to compete in the future.

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The company's RJR Nabisco Foundation awarded \$9 million to 14 public schools in 1992 to develop promising new educational initiatives aimed at reforming elementary, middle and secondary education in the U.S. The grants, part of the foundation's Next Century Schools program, brought the total funding committed to these programs to \$30 million, and made the foundation's program the largest corporate cash contribution ever made to public schools.

The Next Century Schools program supports the efforts of pioneering educators by bypassing government bureaucracy and directly providing schools with venture capital for bold ideas with the potential to bring solutions to the nation's educational crisis. The program challenges front-line educators to devise revolutionary proposals to improve student achievement and demonstrate the potential for adaptation of the proposals by other communities throughout the country. Over the three-year duration of the program, the foundation has invested in the pioneering efforts of 43 different schools in 24 states and the District of Columbia.

The most successful programs, now in their third year, have been invited to apply for a one-year grant to fund their ideas for replicating the programs in other schools.

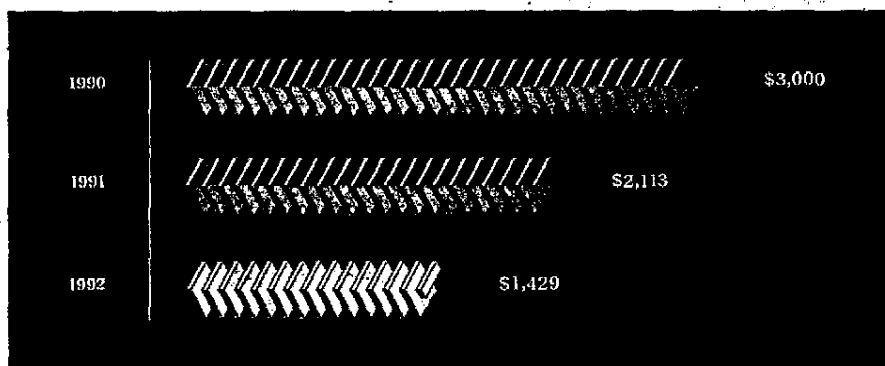
After completing a dramatic drive to reduce debt, add equity and gain financial and operating flexibility in 1991 that left it with a debt-to-equity ratio of a comfortable 1.7-to-1, RJR Nabisco continued to take major steps to improve its balance sheet in

1992 by substantially reducing its interest costs. The company accomplished this by successfully completing seven major offerings of senior notes totaling \$3.1 billion. The investment-grade bonds have an average coupon interest rate of 8.1 percent. These proceeds, as

well as other borrowings, were primarily applied to repurchasing the company's high-cost debt and thereby lower the company's overall cost of capital.

The refinancings completed in 1992 will significantly reduce RJR Nabisco's net interest costs through 1994, when the

company would have been able to redeem the debt. The program also will reduce the level of refinancing needed in the future to retire the remaining debt related to the company's leveraged buyout in 1989.



TOTAL INTEREST EXPENSE
RJR NABISCO HOLDINGS CORP.
(\$ MILLIONS)

1990	1991	1992
\$3,000	\$2,113	\$1,429

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CONSOLIDATED CONDENSED FINANCIAL INFORMATION

CONSOLIDATED CONDENSED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31

RJR Nabisco Holdings Corp.
(\$ millions, except per share)

See Book 2 for consolidated financial
statements, related footnotes and
management's discussion and
analysis of financial condition
and results of operations.

	1992	1991
Net sales	\$ 15,734	\$ 14,989
Cost of products sold	6,326	6,088
Selling, advertising, administrative and general expense	5,894	5,358
Amortization of trademarks and goodwill	616	609
Operating income	2,898	2,934
Interest expense	(1,429)	(2,113)
Amortization of debt issuance costs	(20)	(104)
Other income (expense), net	7	(69)
Income before income taxes	1,456	648
Provision for income taxes	680	280
Income before extraordinary item	776	368
Extraordinary item - loss on early extinguishments of debt, net of income taxes	(477)	-
Net income	299	368
Preferred stock dividends	31	173
Net income applicable to common stock	\$ 268	\$ 195
Net income per common and common equivalent share	\$ 0.20	\$ 0.22
Average number of shares (in thousands)	1,363,549	887,622

CONSOLIDATED CONDENSED STATEMENTS OF FREE CASH FLOW YEARS ENDED DECEMBER 31

RJR Nabisco Holdings Corp.
(\$ millions)

See Book 2 for consolidated financial
statements, related footnotes and
management's discussion and
analysis of financial condition
and results of operations.

	1992	1991
Operating income	\$ 2,898	\$ 2,934
Amortization of intangibles	616	609
Restructuring expense, net of gain on the sale of the ready-to-eat cold cereal business	8	-
Business unit contribution	3,522	3,543
Depreciation and other amortization	530	515
Other income (expense), net	(1)	(69)
Earnings before interest, taxes, depreciation and amortization	4,051	3,989
Increase in operating working capital	(196)	(445)
Capital expenditures	(519)	(459)
Change in other assets and liabilities	(297)	192
Operating cash flow*	3,039	3,277
Taxes paid	(116)	(368)
Interest paid	(1,102)	(1,397)
Dividends paid	(214)	(205)
Other, net	31	(208)
Free cash flow	\$ 1,638	\$ 1,099

* Operating cash flow, which is used as an internal measurement for evaluating business performance, includes, in addition to net cash flow from (used in) operating activities as recorded in the Consolidated Statement of Cash Flows, proceeds from the sale of capital assets less capital expenditures, and is adjusted to exclude income taxes and items of a financial nature (such as interest paid, interest income, and other miscellaneous financial income or expense items).

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CONSOLIDATED CONDENSED
BALANCE SHEETS
YEARS ENDED DECEMBER 31

RJR Nabisco Holdings Corp.
(\$ millions)

See Book 2 for consolidated financial
statements, related footnotes and
management's discussion and
analysis of financial condition
and results of operations.

Assets	1992	1991
Current assets:		
Cash and cash equivalents	\$ 99	\$ 434
Accounts and notes receivable, net	1,356	800
Inventories	2,776	2,704
Prepaid expenses and excise taxes	345	282
Total current assets	4,576	4,220
Property, plant & equipment, net	4,858	4,816
Trademarks, net	8,959	9,290
Goodwill, net	13,062	13,250
Other assets and deferred charges	586	555
Total assets	\$ 32,041	\$ 32,131

Liabilities and stockholders' equity	1992	1991
Current liabilities:		
Notes payable	\$ 298	\$ 369
Accounts payable and accrued accounts	2,869	2,795
Current maturities of long-term debt	379	819
Income taxes accrued	300	72
Total current liabilities	3,846	4,055
Long-term debt (less current maturities)	13,541	13,343
Other noncurrent liabilities	2,203	2,313
Deferred income taxes	4,075	4,001
Stockholders' equity	8,376	8,419
Total liabilities and stockholders' equity	\$ 32,041	\$ 32,131

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OPERATING UNITS

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EXECUTIVE VICE PRESIDENT

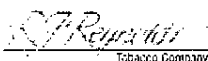
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CORPORATE DEVELOPMENT

Frederick W. Zuckerman
SENIOR VICE PRESIDENT AND
TREASURER

RJR NABISCO INVESTOR INFORMATION

Corporate Offices
RJR Nabisco, Inc.
1301 Avenue of the Americas
New York, NY 10019
(212) 258-5600

Form 10-K and additional information
Form 10-K is the company's annual report filed with the Securities and Exchange Commission. Copies of the Form 10-K and other financial information are available without charge by writing to:
Worldwide Communications
RJR Nabisco, Inc.
1301 Avenue of the Americas
New York, NY 10019

The company also has available a report on its Corporate Citizenship activity. Shareholders interested in receiving a document should write to:
Worldwide Communications
RJR Nabisco, Inc.
1301 Avenue of the Americas
New York, NY 10019

Shareholder Inquiries
First Chicago Trust Company
of New York
P.O. Box 3981
Church Street Station
New York, NY 10008-3981
(212) 791-6422

Investor Relations Inquiries
Office of Investor Relations
RJR Nabisco, Inc.
1301 Avenue of the Americas
New York, NY 10019

Publicly Traded Securities
A variety of RJR Nabisco securities is publicly traded. The following is a list of the most widely held securities, all of which are traded on the New York Stock Exchange.

RJR Nabisco Holdings Corp.
Common Stock
Symbol: RN

RJR Nabisco Holdings Corp.
\$.835 Depositary Shares
(Each Depositary Share represents one-quarter of a share of Series A Conversion Preferred Stock.)
Quarterly Dividend: \$.20875 per Depositary Share.

RJR Nabisco Holdings Corp.
Convertible Preferred Stock
Stated Value: \$25 per share
Quarterly Dividend: \$.71875 per share.

RJR Nabisco Holdings Corp.
Senior Converting Debentures
Due 2009
Interest Rate: 17½%, payable semiannually on the 1st of May and

November (payment-in-kind through May 1, 1994; payment-in-kind at the company's option through 1999; cash payment thereafter).

RJR Nabisco, Inc.
Subordinated Discount Debentures
Due 2001
Interest Rate: 15% yield-to-maturity. Issued at a discount to par. Pays cash interest semiannually after May 15, 1994.

RJR Nabisco, Inc.
Payment-In-Kind Subordinated
Debentures Due 2001
Interest Rate: 15%, payable semiannually on the 15th of May and November (payment-in-kind or cash at the company's option through May 15, 1994; cash payment thereafter).

RJR Nabisco, Inc.
13½% Subordinated Debentures
Due 2001
Interest Rate: 13½%, payable semiannually on the 15th of May and November (cash payment).

RJR Nabisco, Inc.
10½% Senior Notes Due 1998
Interest Rate: 10½%, payable semiannually on the 15th of April and October (cash payment).

RJR Nabisco, Inc.
7½% Notes Due 2003
Interest Rate: 7½%, payable semiannually on the 15th of March and September (cash payment).

RJR Nabisco, Inc.
8½% Notes Due 2002
Interest Rate: 8½%, payable semiannually on the 1st of June and December (cash payment).

RJR Nabisco, Inc.
8.3% Senior Notes Due 1999
Interest Rate: 8.3%, payable semiannually on the 15th of April and October (cash payment).

RJR Nabisco, Inc.
8.75% Senior Notes Due 2004
Interest Rate: 8.75%, payable semiannually on the 15th of April and October (cash payment).

RJR Nabisco, Inc.
8% Notes Due 2000
Interest Rate: 8%, payable semiannually on the 15th of January and July (cash payment).

Transfer and Dividend Disbursing Agent for Common Stock, Preferred Stock & Depositary Shares
First Chicago Trust Company
of New York
P.O. Box 3981
Church Street Station
New York, NY 10008-3981

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NEW YORK, NEW YORK 10019

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