

RJR NABISCO HOLDINGS CORP.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Dollars in Millions, Except Per Share Amounts)

	<u>Three Months Ended Sept 30,</u>		<u>Nine Months Ended Sept 30,</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
NET SALES:				
Tobacco - Domestic	\$ 1,495	\$ 1,295	\$ 4,069	\$ 3,587
- International	735	911	2,307	2,588
Total Tobacco	<u>2,230</u>	<u>2,206</u>	<u>6,376</u>	<u>6,175</u>
Food Domestic				
- Biscuit	926	920	2,640	2,628
- U.S. Foods Group	538	623	1,705	1,797
Total Food - Domestic	<u>1,464</u>	<u>1,543</u>	<u>4,345</u>	<u>4,425</u>
- International	634	660	1,846	1,874
Total Food	<u>2,098</u>	<u>2,203</u>	<u>6,191</u>	<u>6,299</u>
Consolidated	<u>\$ 4,328</u>	<u>\$ 4,409</u>	<u>\$ 12,567</u>	<u>\$ 12,474</u>
OPERATING COMPANY CONTRIBUTION:				
Tobacco - Domestic	\$ 425	\$ 161 (B)	\$ 718 (C)	\$ 936 (B)
- International	95	197	408	571
Total Tobacco	<u>520</u>	<u>358</u>	<u>1,126</u>	<u>1,507</u>
Food Domestic				
- Biscuit	117 (A)	172	385 (A)	489
- U.S. Foods Group	64 (A)	71	208 (A)	229 (E)
Total Food - Domestic	<u>181</u>	<u>243</u>	<u>593</u>	<u>718</u>
- International	57 (A)	58	136 (A)	156 (E)
Total Food	<u>238</u>	<u>301</u>	<u>729</u>	<u>874</u>
Headquarters	<u>(19)</u>	<u>(17)</u>	<u>(59)</u>	<u>(52)</u>
Operating company contribution	739	642	1,796	2,329
Amortization of trademarks and goodwill	(157)	(158)	(473)	(476)
Restructuring expense	0	-	(406) (D)	-
Operating income	<u>582</u>	<u>484</u>	<u>917</u>	<u>1,853</u>
Interest and debt expense	(215)	(224)	(664)	(687)
Other income (expense), net	(24)	(16)	(87)	(92)
Income before income taxes	<u>343</u>	<u>244</u>	<u>166</u>	<u>1,074</u>
Provision for income taxes	174	104	175	445
Income (loss) before minority interest in income (loss) of Nabisco	<u>169</u>	<u>140</u>	<u>(9)</u>	<u>629</u>
Less minority interest in income (loss) of Nabisco	11	18	(17)	51
Net income	<u>158</u>	<u>122</u>	<u>8</u>	<u>578</u>
Less preferred stock dividends on a diluted basis	11	11	33	33
Net income (loss) applicable to common stock	<u>\$ 147</u>	<u>\$ 111</u>	<u>\$ (25)</u>	<u>\$ 545</u>
Net income (loss) per common and common equivalent share on a diluted basis (F)	<u>\$ 0.45</u>	<u>\$ 0.34</u>	<u>\$ (0.08)</u>	<u>\$ 1.67</u>
Average number of common and common equivalent shares outstanding on a diluted basis (in thousands)	<u>323,860</u>	<u>325,256</u>	<u>323,838</u>	<u>325,243</u>