



David B. Rickard
Senior Vice President
Chief Financial Officer

July 8, 1998

Mr. H. Eugene Lockhart
27 Yogananda St.
Newtown, CT 06482

Dear Gene:

Steven asked that I forward the attached to each RJRN Board member, in connection with the telephone Board meeting on Thursday. It is a summary analysis of a potential settlement with the States that are now not settled.

There is quite a lot of detail here. It is not necessary that you embrace it all. We will review the highlights and key conclusions in the meeting.

The purpose of the meeting is to be sure the Board is generally conversant with the nature of discussions that are underway and the significance of a possible agreement on the financial performance of the company. We will not be asking for an approval or vote at this time.

One further note. The deal is still being negotiated as I write this. It is likely to change, and negotiations may even break off before any final outline is agreed upon. Nevertheless, this should give you a directional picture of what is being discussed.

Sincerely,

RJR Nabisco, Inc.
1301 Avenue of the Americas
New York, NY 10019-6013
(212) 258-5703
FAX: (212) 906-9237

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