Management believes that reserves as of December 31, 1996 are adequate for all tax liabilities associated with these tax sharing agreements as well as any potential liability asserted by the IRS in accordance with Treasury Regulation 1.1502-06.

10. PENSION PLANS

The Company maintains tax qualified defined benefit pension plans covering substantially all hourly and salaried employees in the U.S. and Puerto Rico In addition, certain employees of Abex's former subsidiaries are covered under various tax qualified MC Group retirement plans (the "MC Group Retirement Plan") The fair value of the assets and liabilities of the former Abex plans were recognized in the financial statements of the Company as of June 15, 1995 in connection with the Merger

Plans covering salaried employees generally provide pension benefits based on years of service and compensation Plans covering hourly employees and union members generally provide stated

benefits for each year of service Plan assets consist primarily of equity and fixed income securities and mutual funds

Effective December 31, 1995, Consolidated Cigar's tax qualified non-contributory defined benefit pension plans (the "Cigar Plans") covering substantially all hourly and salaried employees in the U S and Puerto Rico were merged with and into the MC Group Retirement Plan The MC Group Retirement Plan was the surviving plan with all the assets and liabilities of the Cigar Plans becoming assets and liabilities of the surviving MC Group Retirement Plan

In addition, certain employees of Abex's former subsidiaries are covered under a non-qualified executive defined benefit plan (the "Executive Defined Benefit Plan") and a defined contribution plan (the "Executive Defined Contribution Plan"). Assets of these plans of $27.1 million and $26 1 million at December 31, 1996 and 1995, respectively, are held by a rabbi trust and are presented as other assets in the Company's balance sheet because they will be available to general creditors of the Company m the event of the Company's insolvency The liability related to the Executive Defined Contribution Plan was $2.1 million and $2.6 million at December 31, 1996 and 1995, respectively, and is mcluded in other liabilities.

The following table reconciles the funded status of the Company's significant pension plans as of the date indicated

	(IN THOUSANDS		
	DECEMBER 31,		
	1996		
	ASSETS EXCEED ACCUMULATED	ACCUMULATED BENEFITS EXCEED	AC