



New York's Highest Court rules in favor of R.J. Reynolds Tobacco Company

WINSTON-SALEM, N.C. – Oct. 19, 2004 – The highest court in New York ruled today that health care insurance companies cannot legally sue tobacco companies for deceptive practices and recover damages for the health care costs of the people they cover.

The New York Court of Appeals ruled that the state's largest medical insurer, Empire Health Choice, formerly known as Blue Cross-Blue Shield, cannot use a state consumer protection law to pursue direct claims for the recovery of medical expenses from cigarette makers.

"This decision continues the long line of decisions that have held that insurance companies and other medical insurers have no standing to file such cases," said Martin L. Holton III, vice president and assistant general counsel for R.J. Reynolds Tobacco Company. "If anyone has the standing to bring such lawsuits, it must be the individuals whom the companies insure."

The case was brought by Empire Health Choice against cigarette manufacturers. The suit was based upon the insurance provider's claim that cigarette makers should be held responsible for the increased health care costs stemming from industry misrepresentations about the dangers of smoking. Despite rejecting these claims, the jury in 2001 awarded \$17.8 million to Empire Health Choice toward the costs of treating New York smokers.

In 2003, the Second Circuit Court of Appeals, which was considering an appeal in the case, asked the New York Court of Appeals to consider the issues of remoteness brought up by the lawsuit. In this ruling, the court said that, "what is required is that the party actually injured be the one to bring suit. Empire was not directly injured in that sense."

[R.J. Reynolds Tobacco Company](#) (R.J. Reynolds) is an indirect wholly owned subsidiary of [Reynolds American Inc.](#) (NYSE: RAI). R.J. Reynolds is the second-

largest tobacco company in the United States, manufacturing about one of every three cigarettes sold in the United States. R.J. Reynolds' product line includes five of the nation's 10 best-selling cigarette brands: Camel, Winston, Kool, Salem and Doral. For more information about R.J. Reynolds, visit the company's Web site at www.RJRT.com.

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