



R.J. Reynolds Tobacco Company and Attorneys General Agree to Settlement

WINSTON-SALEM, N.C. – Oct. 6, 2004 – R.J. Reynolds Tobacco Company has settled complaints brought by attorneys general in three states against the company's KOOL Mixx cigarette promotion.

"We are pleased that we were able to resolve this issue in a manner that not only enables us to continue to compete effectively for the business of adult smokers, but makes additional funding available to youth smoking prevention programs," said Charles A. Blixt, executive vice president and general counsel of R.J. Reynolds. "The agreement satisfies the questions raised by the three attorneys general without unduly restricting R.J. Reynolds' ability to effectively communicate with the only audience we have been and continue to be interested in communicating with: adult smokers."

The company admitted no wrongdoing in the settlement agreement with the attorneys general of the states of New York, Illinois and Maryland. Terms of the agreement call for R.J. Reynolds to pay \$1.5 million to four organizations, with the money to be devoted to youth smoking prevention programs. In addition, the company agreed to certain limits on selected elements of marketing support for future KOOL Mixx promotions. The agreement requires approval by the New York Supreme Court, the Circuit Court for Baltimore City, and the Circuit Court of Cook County, Ill.

[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.