



California Appellate Court Upholds Daniels Decision

WINSTON-SALEM, N.C. – Oct. 7, 2004 – The Fourth Appellate District Court of Appeal in California has upheld the dismissal of a class-action lawsuit filed against R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation and other major U.S. cigarette manufacturers.

The lawsuit, brought by Devin Daniels and other individuals as class representatives, was filed on behalf of all California resident minors (under the age of 18) who smoked one or more cigarettes between April 2, 1994, and Dec. 31, 1999, and who were exposed to the defendants' marketing and advertising activities in the state during that period.

Superior Court Judge Ronald Prager had granted the defendants' motion for summary judgment on Sept. 13, 2002, principally on First Amendment and preemption (by the Federal Cigarette Labeling and Advertising Act) grounds.

On Oct. 6, a California court of appeal panel upheld that decision primarily on the basis of preemption, concluding that, "Congress has given the FTC [Federal Trade Commission] the exclusive authority to address society's concern about smoking and health by regulation of cigarette advertising and promotion, and has preempted 'state regulation of cigarette advertising that attempts to address the same concern, even with respect to youth.'"

Martin L. Holton III, vice president and assistant general counsel for R.J. Reynolds, said, "We are pleased that the court of appeal agreed with Judge Prager and with us that the plaintiffs' efforts to use state laws to regulate lawful cigarette advertising and promotion were not appropriate."

[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.