WINSTON-SALEM, N.C. – Sept. 30, 2004 – In the first individual smoker case to be tried since the merger of R.J. Reynolds Tobacco Company and the U.S. tobacco business of Brown & Williamson Tobacco Corporation (B&W), a Missouri jury today returned a verdict in favor of B&W. The jury concluded that B&W was not responsible for the illness of Stella Hale, a smoker who died allegedly from lung cancer caused by smoking the company’s products.

The jury unanimously agreed with B&W that there was ample evidence that Ms. Hale had long been aware of the potential health risks of smoking, and that she, nevertheless, chose to smoke.

“This verdict showed that the jury thought that people who choose to smoke in the face of these known risks should not be financially rewarded,” said Jeff Raborn, senior counsel for R.J. Reynolds.

“The verdict also confirms yet again the strength of the defenses in individual lawsuits,” Raborn said. “The jury evaluated all of the evidence in this case and concluded that the plaintiffs’ claims lacked merit.”

The trial was held in the United States District Court for the Eastern District of Missouri in St. Louis. The case was filed by Tracey A. Mash and Anjanetta Lingard on March 6, 2003, in state court in Missouri. It was later removed to federal court. The plaintiffs are the daughters of Stella Hale. This is the only individual smoking and health case to go to trial against either B&W or R.J. Reynolds this year.

R.J. Reynolds Tobacco Company (RJRT) is an indirect wholly owned subsidiary of Reynolds American Inc. (NYSE: RAI). R.J. Reynolds Tobacco Company is the second-largest tobacco company in the United States, manufacturing about one of every three cigarettes sold in the United States. Reynolds Tobacco’s product line includes five of the nation’s 10 best-selling cigarette brands: Camel, Winston, KOOL, Salem and Doral. For more information about RJRT, visit the company’s Web site at www.