Statement on potential buyout of tobacco quota from quota holders and growers

April 28, 2003

R.J. Reynolds Tobacco Company has not taken a formal position on whether a buyout should be adopted. Our concerns center on:

1) **Combining a buyout with anti-competitive federal regulation.**

We adamantly oppose any federal regulation, regardless of the agency of jurisdiction, that could further curtail our already limited ability to legitimately compete for adult smokers’ business.

2) **The payment mechanism for the buyout.**

We oppose any increase in excise taxes, user fees, or anything else that raises the cost of cigarettes.

3) **The competitiveness of remaining tobacco growers.**

We believe the competitiveness of the grower, domestically and abroad, should be the primary issue in discussions of a buyout. With or without a program in the future, U.S. tobacco growers should not have to pay for the right to grow a crop. High price supports and strict production limits should be avoided if the long-term goal is to make U.S. tobacco more competitive and profitable.