



**P.O. Box 2959  
Winston-Salem, NC 27102**

**Contact:** Ellen Matthews Wallace  
(336) 741-6694

RJRT 2004-07

***Reynolds Tobacco reaches agreement with tobacco growers***

**WINSTON-SALEM, NC** – April 22, 2004 – R.J. Reynolds Tobacco Company (RJRT) today reached an agreement to resolve a class-action lawsuit related to tobacco leaf purchases with tobacco growers and quota holders. Under the settlement, RJRT has agreed to pay the class a lump sum of \$33 million, which after deduction of attorneys’ fees and costs, is to be distributed to the class. Further, RJRT has agreed to purchase annually a minimum of 35 million green leaf pounds of U.S. flue-cured and burley tobacco combined for ten years, starting with the 2004 crop year.

Darryl Marsch, senior counsel for RJRT, said, “This compromise represents the right decision for RJRT’s business and RJR shareholders. Although Reynolds Tobacco did not engage in any wrongdoing, we felt that avoiding a lengthy and expensive trial with the growing community was in the company’s best interests.”

The lawsuit, *D. Lamar DeLoach et al., v. Philip Morris USA Inc., et al.*, was filed in February 2000. The suit was filed on behalf of a purported class of tobacco growers and quota holders who alleged that RJRT, along with other defendants in the suit at the time, violated antitrust laws in connection with leaf purchases at auction. The class was certified by the court in April 2002. In May 2003, Philip Morris, Lorillard Tobacco Company, Inc., Brown and Williamson Tobacco Corporation, and several leaf dealers arrived at a separate settlement with the growers.

The trial began today in federal district court in Greensboro, N.C., before the settlement agreement was reached. Both parties to the case will seek court approval of the agreement.

*R.J. Reynolds Tobacco Company (RJRT) is a wholly owned subsidiary of R.J. Reynolds Tobacco Holdings, Inc. (NYSE: RJR). R.J. Reynolds Tobacco Company is the second-largest tobacco company in the United States, manufacturing about one of every four cigarettes sold in the United States. Reynolds Tobacco's product line includes four of the nation's 10 best-selling cigarette brands: Camel, Winston, Salem and Doral. For more information about RJRT, visit the company's web site at [www.RJRT.com](http://www.RJRT.com).*

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