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Supreme Court Refuses to Review Cigarette Smuggling Case

WINSTON-SALEM, NC – Jan. 12, 2004 – The U.S. Supreme Court today announced that it has declined to review a decision of the 11th Circuit Court of Appeals affirming the dismissal of civil RICO cases filed by the Republics of Honduras, Ecuador and Belize seeking taxes and revenues allegedly lost as a result of cigarette smuggling.

This is the second time the Supreme Court has refused to hear this type of case. The first occurred in November 2002 when the Court refused to review a decision by the Second Circuit Court of Appeals affirming the dismissal of a similar case brought by Canada.

By declining to review the case, the Supreme Court left intact a ruling by the 11th Circuit affirming the decision of the District Court for the Southern District of Florida dismissing the Republics' cases on the basis of the Revenue Rule. The Revenue Rule bars one country from enforcing their revenue laws in the courts of another country. The cases were brought against R.J. Reynolds Tobacco Company, two current affiliates and others.

"Today's decision is another affirmation that, under the long-standing and internationally recognized Revenue Rule, foreign governments cannot use our country's judicial system to enforce their revenue laws either directly or indirectly," said Martin L. Holton III, vice president and assistant general counsel for Reynolds Tobacco.

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.

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