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### **R.J. Reynolds Tobacco to appeal decision in *Scott* case**

**WINSTON-SALEM, N.C. – May 21, 2004** – R.J. Reynolds Tobacco Company (RJRT) announced that it will appeal today’s decision in the *Scott* class action trial in Louisiana. The jury decided that the cost of a five-to-10 year stop-smoking program would be \$592 million. The case was filed against tobacco companies including RJRT on behalf of virtually all current and former smokers in Louisiana as of May 24, 1996, who might desire medical monitoring and/or assistance with quitting smoking.

This decision concluded the second phase of the *Scott* trial. In Phase I, the jury rejected a claim that the industry pay for a medical-monitoring program.

Daniel Donahue, senior vice president and deputy general counsel for RJRT, says, “By moving on to Phase II, the judge tried damages – the cost of such a smoking cessation program – before any liability issues were determined in the case. We’ll certainly appeal.

“One clear example of the many contradictions and errors in this case can be seen in the judge’s instructions to the jury. First, he instructed the jury that the tobacco companies’ cigarettes ‘exposed the class...to significant levels of substances proven hazardous to human health.’

“Then, in the same jury instruction,” Donahue adds, “the judge states, ‘you may not require defendants to provide cessation assistance simply because defendants make and sell cigarettes that are dangerous and addictive.’ By doing that, the judge erroneously allowed the jury to award substantial damages for doing what he said the tobacco companies had a perfect right to do -- sell a legal product.”

Defendants in the case included: R.J. Reynolds Tobacco Company; Philip Morris Inc.; Brown and Williamson Tobacco Co. and Lorillard Tobacco Co. The case was tried in the Civil District Court for the Parish of Orleans in Louisiana.

*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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