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## **DC Circuit Affirms District Court: Court of Appeals rules in favor of R.J. Reynolds Tobacco Company and other manufacturers in graphic warnings lawsuit**

**WINSTON-SALEM, N.C., Aug. 24, 2012** — Today the U.S. Court of Appeals for the D.C. Circuit held unconstitutional a regulation by the U.S. Food and Drug Administration (FDA) that would have forced cigarette makers to place nine graphic health warnings on all cigarette packaging and advertising.

Agreeing with arguments made by R.J. Reynolds Tobacco Company and four other tobacco manufacturers, the Court held that the proposed warnings violated the First Amendment because the “FDA has not provided a shred of evidence - much less the substantial evidence required by the APA - showing that the graphic warnings will ‘directly advance’ its interest in reducing the number of Americans who smoke.”

“We are pleased that the Court of Appeals agreed with Reynolds that consumers can and should be fully informed about the risks of tobacco use in a manner consistent with the U.S. Constitution,” says Martin L. Holton III, executive vice president and general counsel for R.J. Reynolds. “Reynolds is committed to providing tobacco consumers with accurate information about the various health risks associated with smoking.”

The Court of Appeals noted that the Government can require companies to make “purely factual and uncontroversial” disclosures about the risks of their products in order to prevent consumer deception, but stated that the graphic warnings crossed into unconstitutional territory: “These inflammatory images and the provocatively-named hotline cannot rationally be viewed as pure attempts to convey information to consumers. They are unabashed attempts to evoke emotion (and perhaps embarrassment) and browbeat consumers into quitting.”

The Court relied heavily on data included in FDA’s regulation that showed the graphic warnings would have little to no effect in reducing tobacco use. In particular, FDA’s analysis of the regulation estimated that the warnings would likely cause no statistically significant change in U.S. smoking rates.

### **Web Disclosure**

RAI’s website, [www.reynoldsamerican.com](http://www.reynoldsamerican.com), is the primary source of publicly disclosed news about RAI and its operating companies. We encourage investors and others to register at [www.reynoldsamerican.com](http://www.reynoldsamerican.com) to receive alerts when news about the company has been posted. To learn more about how Reynolds American and its operating companies are transforming the tobacco industry, visit <http://transformingtobacco.com>.

R.J. Reynolds Tobacco Company, an indirect subsidiary of Reynolds American Inc. (NYSE: RAI), is the second-largest tobacco company in the United States. The company’s brands include many of the best-selling U.S. cigarette brands: Camel, Pall Mall, Winston, Kool, Doral and Salem. For more information, visit [www.rjrt.com](http://www.rjrt.com).

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