



R.J. Reynolds Tobacco Company
P.O. Box 2959
Winston-Salem, NC 27102

Contact: David Howard
(336) 741-3489

RJRT 2012-01

Federal judge rules in favor of R.J. Reynolds Tobacco Company and other manufacturers in graphic warnings lawsuit

WINSTON-SALEM, N.C., Feb. 29, 2012 — Today U.S. Federal District Court Judge Richard Leon 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 the top half of the front and back of all cigarette packages, and the top fifth of all 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 by forcing the manufacturers to distribute an anti-smoking policy message.

“We believe governments, public health officials, tobacco manufacturers and others share a responsibility to provide tobacco consumers with accurate information about the various health risks associated with smoking,” says Martin L. Holton III, executive vice president and general counsel for R.J. Reynolds. “However, the goal of informing the public about the risks of tobacco use can and should be accomplished consistent with the U.S. Constitution.”

Judge Leon noted that the Government can require companies to make “purely factual and uncontroversial” disclosures about the risks of their products, but stated that the graphic warnings crossed into unconstitutional territory: “While the line between the constitutionally permissible dissemination of factual information and the impermissible expropriation of a company’s advertising space for Government advocacy can be frustratingly blurry, here the line seems quite clear.”

The Court cited 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.

The Court also noted that the chief expert report relied on by FDA conceded that the goal of such graphic warnings “is not to promote informed choice but rather to discourage consumption of tobacco products.”

Web Disclosure

RAI’s website, www.reynoldsamerican.com, is the primary source of publicly disclosed news about RAI and its operating companies. We use the website as our primary means of distributing quarterly earnings and other company news. We encourage investors and others to register at www.reynoldsamerican.com to receive alerts when news about the company has been posted.

R.J. Reynolds Tobacco Company, an indirect subsidiary of Reynolds American Inc. (NYSE: RAI), is the second-largest tobacco company in the United States, manufacturing about one of every three cigarettes sold in the country. 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.

###