

PRESS RELEASE

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ATTORNEYS GENERAL AND R.J. REYNOLDS REACH HISTORIC SETTLEMENT TO END THE SALE OF FLAVORED CIGARETTES

(Wilmington, DE) Delaware Attorney General Carl Danberg, today announced that R.J. Reynolds Tobacco Company ("Reynolds") and the Attorneys General of 39 states have entered into a settlement that ends the sale of candy, fruit and alcohol flavored cigarettes manufactured and sold by Reynolds.

Under the settlement, Reynolds agreed to a ban in the United States of its flavored Camel, Kool and Salem cigarettes. The agreement also imposes significant marketing restrictions that make it virtually impossible for Reynolds to market a flavored cigarette to youth in the future. The following restrictions apply to any cigarettes manufactured by Reynolds in the future that have a characterizing flavor other than tobacco or menthol:

- The name of the cigarette may not be that of a candy, a fruit or an alcoholic beverage, and may not include any of a number of specified terms that evoke imagery of candy, fruit or alcoholic beverages.
- Reynolds may not use print advertising, point of sale materials, exterior packaging or non-age-verified direct mail or internet advertising that contain (i) names of a candy, a fruit or an alcoholic beverage, (ii) any of a number of specified terms that evoke imagery of candy, fruit or alcoholic beverages, or (iii) imagery of candy, fruit or alcoholic beverages.
- Reynolds may not distribute scented promotional materials, such as "Lift and Sniffs" or "Scratch and Sniffs."

The Attorneys General had asserted that Reynolds was violating the 1998 tobacco Master Settlement Agreement's prohibition on youth targeting through its advertising, marketing and promotion of its flavored cigarettes.

Among the evidence that led the Attorneys General to conclude that Reynolds was targeting youth was: use of candy, fruit and alcohol flavors with high youth appeal; use of advertising and packaging with graphics, typography, colors, styles and themes that were enticing to youth; and use of "Scratch and Sniff" and "Lift and Sniff" promotional cards scented with sweet, candy aromas, but with none of the scent of tobacco.

The brand styles of flavored cigarettes sold by Reynolds that are specifically banned by the Agreement are: *Camel Exotic Blends*: Mandarin Mint, Dark Mint, Crema, Izmir Stinger, Twist, Cinnzabar, Mandalay Lime, Aegean Spice, Bayou Blast, Beach Breezer, Margarita Mixer, Midnight Madness, Back Alley Blend, Kauai Kolada, Twista Lime, Winter MochaMint, Warm Winter Toffee, Blackjack Gin, Screwdriver Slots and SnakeEyes Scotch; *Salem Silver*: Dark Currents, Fire & Ice, Deep Freeze and Cool Myst; and *Kool Smooth Fusions*: Mintrigue, Mocha Taboo, Midnight Berry and Caribbean Chill.

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