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July 14, 2000

The following press release was distributed to the news media on July 14.

R.J. Reynolds Tobacco Company Believes Engle Verdict will be Overturned

R.J. Reynolds Tobacco Company said that the punitive damages of nearly \$145 billion awarded in the Engle trial reconfirmed its confidence that the case would be overturned upon appeal.

"Today's unrealistically high punitive award in the Engle trial is the latest example of why this case is so likely to be overturned upon appeal," said Daniel W. Donahue, senior vice president and deputy general counsel for Reynolds Tobacco. "It exemplifies the legal problems that

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have riddled this case from its inception."

Donahue noted that the tobacco industry's grounds for appeal were too numerous to list, but said that the fundamental issue of whether smokers should be treated as a "class" would be at the heart of the appeal.

"Federal courts, and all but one other state court, have agreed: smokers have such different lifestyles, genetic factors, occupations and smoking histories that those differences far outweigh the one thing they have in common -- the fact that they chose to smoke," Donahue said. "The Engle case is the only case to come to trial where the court has not recognized that, because of these differences, smokers cannot be treated as a class."

In addition, Donahue said, the sheer number of potential plaintiffs in the Engle suit makes the trial impossible to complete. "It took over two years to try just three individual cases. If 300,000 Floridians claim to be members of the class, this trial will stretch on for decades. It's just unworkable," he said.

The company said it would file its appeal with the Third District Court of Appeal at the appropriate time.

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