

# ReynoldsAmerican

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## Reynolds American calls Gov. Perdue's tobacco tax hike "Outrageous"

**WINSTON-SALEM, N.C. – March 17, 2009** - Reynolds American Inc. today called N.C. Gov. Perdue's proposal to increase cigarette taxes by another \$1.00 per pack an "outrageous attack on jobs in our state."

"It is incomprehensible that the Governor would introduce a tax hike of this magnitude on top of the historic leap in the Federal tax on cigarettes effective April 1," said Tommy J. Payne, executive vice president of public affairs for Reynolds American Inc. "The Governor has placed as many as 50,000 tobacco-related jobs in our state at risk with this proposal. With the N.C. jobless rate at a 25-year historic high, it is irresponsible to place more jobs in jeopardy in North Carolina," Payne said.

"Maybe Washington, D.C., doesn't care about jobs in North Carolina, but we expect better judgment out of Raleigh," Payne said. "Surely the N.C. legislature will exhibit that good judgment and not dig our state into a bigger unemployment hole."

If the Governor's proposal were to pass, on top of the April 1 Federal increase, cigarette prices in North Carolina would cost about 50 percent more than they did at the beginning of the year. The average retail price of a pack of cigarettes would be approaching \$5.50 per pack if the state tax increases by \$1, Payne said.

"Keep in mind that the majority of U.S. smokers are classified as poor or working poor," Payne said. "This is a huge tax increase on a segment of the population least able to afford it in today's economy."

### ABOUT US

Reynolds American Inc. (NYSE: RAI) is the parent company of R.J. Reynolds Tobacco Company; Conwood Company, LLC and Santa Fe Natural Tobacco Company, Inc.

- R.J. Reynolds Tobacco Company is the second-largest U.S. tobacco company. The company's brands include five of the 10 best-selling cigarettes in the United States: Camel, Kool, Pall Mall, Winston and Doral.
- Conwood Company, LLC is the nation's second-largest manufacturer of smokeless tobacco products. Its leading brands are Kodiak, Grizzly and Levi Garrett. Conwood also sells and distributes a variety of tobacco products manufactured by Lane, Limited, including Winchester and Captain Black little cigars, and Bugler roll-your-own tobacco.
- Santa Fe Natural Tobacco Company, Inc. manufactures Natural American Spirit cigarettes and other additive-free tobacco products, and manages and markets other super-premium brands.

Copies of RAI's news releases, annual reports, SEC filings and other financial materials are available at [www.ReynoldsAmerican.com](http://www.ReynoldsAmerican.com).

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