



Wilson, North Carolina, February 12, 2014 – Tobacco Rag Processors, Inc. and Kentucky Cut Rag, LLC, a wholly-owned subsidiary of G.F. Vaughan Tobacco Company, are pleased to announce the completed merger of their cut rag operations. The combined company will operate out of Tobacco Rag’s Wilson, NC headquarters. Both Derek Vaughan and Conrad Whitaker will join Tobacco Rag as consultants under long-term agreements, further strengthening Tobacco Rag’s industry leading position.

Davis Miller, Chief Executive Officer of Tobacco Rag, commented, “We are extremely pleased with the combination of our two businesses. Kentucky Cut Rag and its team are well known in the industry for providing top quality blends and excellent customer service. The addition of Derek and Conrad to our team as well as a stronger partnership with Vaughan Tobacco Company further ensures our access to top quality Brazilian and U.S. tobaccos enabling us to continue providing our customers with consistent blends at competitive prices”.

Derek Vaughan, Chief Executive Officer of G.F. Vaughan Tobacco Company, added, “We at Vaughan Tobacco Company are excited with the merger of Kentucky Cut Rag and Tobacco Rag. Our two companies share common values and a strategic vision of innovation and quality driven performance aimed at helping our customers deliver superior products and reduce costs in a competitive market. Our customers will benefit from the investments Tobacco Rag has made in a state of the art Dry Ice Expanded Tobacco operation, upgraded primary equipment and an enhanced blend development and quality control team. Conrad and I are excited to be a part of the team that will continue to lead the cut rag industry for years to come”.

About Tobacco Rag Processors, Inc.

Tobacco Rag Processors, Inc. is a 100% employee owned tobacco products and services company based in Wilson, North Carolina. Tobacco Rag produces cut rag for cigar, cigarette, pipe tobacco and other finished products, dry ice expanded tobacco, filter rods and reconstituted tobacco through its domestic manufacturing plants. The company also is a partner in Tobacco Products International, FZ-LLC, a cut rag producer based in Ras-al-Khaimah, United Arab Emirates.

About G.F. Vaughan Tobacco Company

G.F. Vaughan Tobacco Company is a family owned tobacco processing and leaf dealing business headquartered in Lexington, Kentucky. Vaughan Tobacco Company operates a leaf sourcing and tobacco threshing plant in Lexington and is a 50% partner of CTA-Continental Tobaccos Alliance S/A, a Brazilian leaf sourcing and threshing operation.