



Reynolds American & Lorillard Unite What could this multi-billion dollar merger mean?

by Anna Speth

On August 15 the no. 2 and no. 3 U.S. tobacco companies, Reynolds American and Lorillard, announced a \$27.4 billion dollar merger. Reynolds will pay \$68.88 for every Lorillard share, as well as assuming its debt. The merger will create a more competitive atmosphere with the no.1 U.S. tobacco company, the Altria group (makers of Marlboro), and give Reynolds a bigger stake in both



Reynolds American and Lorillard announced their merger on August 15th.

menthols and e-cigarettes, two of the fastest growing parts of the industry. Lorillard was founded in 1760 by Pierre Lorillard and is the oldest

continuously running tobacco company in the United States. It separated from the Loews Corporation in 2008 in an \$8.3 billion dollar deal.

R.J. Reynolds Tobacco Co. was founded in 1875 and has undergone several significant mergers and breakups throughout its history. In 1900, R.J. Reynolds reluctantly folded to the Duke's Tobacco Trust, and in 1911 both Lorillard and Reynolds emerged from the breakup of this trust. In 1985, R. J. Reynolds merged with Nabisco and in 1988 Kohlberg Kravis Roberts bought RJR Nabisco for \$30.2

billion. The tobacco portion of the business broke apart from the packaged food giant in 1999. The current merger between Lorillard

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Help Us Save Paper!

We at Duke Homestead are doing our best to conserve the environment. If you do not already receive the newsletter in digital form, please contact us via email at duke@ncdcr.gov with your name and preferred email so that we may send you future copies of GOLD LEAF via email. Thank you!



About GOLD LEAF

The Duke Homestead Education and History Corporation publishes *GOLD LEAF*. The Corporation is a non-profit organization dedicated to the development of the Duke Homestead State Historic Site and Tobacco Museum. The museum is open Tuesday through Saturday, from 9 a.m. until 5 p.m. Visit the website, dukehomestead.org, for more information. This newsletter is published semiannually and is available free of charge.

For more information, write:
Duke Homestead Education and History Corp.
2828 Duke Homestead Road
Durham, NC 27705
Or e-mail: duke@ncdcr.gov.

DHEHC President:
GOLD LEAF Editor:
Printing:

Thomas Shaw
Julia Rogers
Sir Speedy



Financial Report

Edward Teach
Treasurer

The funds of the Duke Homestead Education and History Corporation as of April 1, 2015 are as follows:

General Fund Savings	\$2,835.75
General Fund Checking	\$3,858.65
Sales Desk / Gift Shop Inventory:	\$20,018.49
Scotttrade Account:	\$44,037.20
Total Assets:	\$70,750.09

Upcoming Events

Bull City Coop Tour

Oct. 18th

Hop on the Bull City Coop Tour and see the fabulous homes of Durham's chickens including the historic housing of Duke Homestead's very own feathered friends.

10:00 am - 3:00 pm

Widows and Wakes: A Victorian House in Mourning

Oct. 25th

Explore Victorian mourning practices on a candlelight tour through dying, death, and the great beyond.

7:00pm - 9:30 pm

Tickets at the door: \$4.00

Christmas by Candlelight

Dec. 5th & 11th

Enjoy a candlelight tour through the historic area as we celebrate an 1870 Christmas. Enjoy cookies and hot apple cider.

7:00 pm - 9:00 pm

Adults: \$6.00

Kids 6 & under: \$3.00

Victorian Family Christmas

Dec. 14th

Spend an afternoon celebrating a traditional 1870 family Christmas, make crafts, and meet Santa.

1:00 pm - 4:00pm

Adults: \$2.00

Kids 6 & under: Free

Find more information on all of our events at DukeHomestead.org.

From the Site Manager's Desk by Mia Berg



Mia Berg is the Interim Site Manager through August of 2015.

A lot has happened since our last newsletter! As many of you may know, Jennifer Farley took a new position as Interim Eastern Regional Manager for one year and I am now the Interim Manager for Duke Homestead. I have over 15

years of experience working for Historic Sites so this will be a challenge that I am greatly looking forward to as we move forward with many special projects and events.

This summer we hosted our annual 2nd Saturday events which were a huge success this year thanks to the staff, volunteers, part-timers and support group members! Julia raised \$1200 to help cover costs for two of our events; Pork, Pickles and Peanuts and Bull Fest. These funds assisted with paying for entertainment and costs incurred to facilitate our free public events.

On a grand scale we are planning an event for the CW150 in May of next year. This event is titled A Soldier's Walk home and will take place over the course of two weeks.

A living historian will walk the 166 miles from New Bern to Duke Homestead, as Washington Duke did returning from his service in the Civil War.

Other special projects include digitization of Speed Riggs recordings from our collection. Terry Seeks donated \$1000 to transcribe old recordings into a CD that will also be available for sale in our gift shop.

We are incredibly lucky to have so many individuals assisting us with our mission to educate the public and preserve the history of our unique site. If you are looking for a way to be involved, you will find a list of needs on page 5.

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Reynolds & Lorillard *continued*

(Continued from page 1)

and Reynolds will constitute the largest merger in the tobacco industry since Reynolds merged with Brown & Williamson a decade ago.

If the merger is approved, Reynolds will control about 42% of the U.S. tobacco market.

Combined, Reynolds and Altria will control about 90% of the industry, roughly the same portion that the American Tobacco company controlled prior to its breakup in 1911. In order to avoid trouble with anti-trust laws, Lorillard and Reynolds will each sell off some of

their brands to Imperial, the no. 4 tobacco company in the U.S. Imperial plans to purchase KOOL, Salem, Winston, Maverick, and blu eCigs in a \$7.1 billion transaction. Even so, there is a high probability that reduced competition could drive up prices for

appear high. Imperial will buy Lorillard's factories in Greensboro, NC and plans to keep them intact and functioning. Tobacco farmers are not approaching the merger with much worry.

consumers. Knowing this, many experts are unsure if antitrust regulators will approve the deal.

North Carolinians involved in the tobacco industry are largely unsure of how this merger will impact them long term. Generally, concern does not



Imperial will be purchasing KOOL, Salem, Winston, and blu eCigs in a \$7.1 billion transaction.

Thank You for Your Help!

Every August, Duke Homestead holds our volunteer picnic as a way to thank all of those people who give their time throughout the year to help us run this site and our events. This year's picnic did not disappoint. We greatly appreciate all of our volunteers and cannot possibly say thank you enough for their hard work, dedication, and love of our site.



The Creation of the American Tobacco Company by Sarah Patrick

When Washington Duke began his tobacco business at his homestead in Durham in 1865, it was tiny. Although it grew quickly throughout the 1860s and 1870s, it was still in direct competition with other businesses like W.T. Blackwell, the famous makers of Bull Durham smoking tobacco, spurring Washington's son James B. Duke, to move the company into manufacturing cigarettes in 1880. W. Duke, Sons and Company remained successful through the mid-1880s, when the company made what would turn out to be a hugely profitable decision by purchasing its first Bonsack cigarette rolling machine. The success brought about by James B. Duke's dealings with the Bonsack company would help W. Duke, Sons and Company climb to the top of the cigarette industry, paving the way for the merger that would create the American Tobacco Company in 1890.

James B. Duke had been expressing interest in a combination of the major American cigarette companies for some time prior to the American Tobacco Company's creation. As competition in the industry heated up, Duke sought

a way to organize the tobacco industry for the benefit of all involved companies while still maintaining control of his highly successful company. Eventually he began entering into negotiations with the four other largest American cigarette companies to form a merger.

The newly born American Tobacco Company, or American Tobacco Trust, consisted of W. Duke, Sons and Company, Allen and Ginter, Kinney Company, Kimball Company, and Goodwin Company. James B. Duke, as the man who had provided leadership during the process of forming American Tobacco, became its president. Over the next several years, the company absorbed most of its competitors, including W.T. Blackwell. Eventually American Tobacco came to control four fifths of the entire U.S. tobacco industry, excluding only cigars.

By the end of the 19th century, the American Tobacco Company was the largest tobacco manufacturing company in the entire world. The Dukes



James B. Duke, youngest son of Washington Duke, made the important business decisions that turned W. Duke and Sons into the American Tobacco Company.

continued on this trajectory until 1911, when the Supreme Court declared that under the Sherman Anti-Trust Act, the American Tobacco Company must be dissolved into smaller companies. Out of this break up came the three largest companies known today: Liggett and Myers (today known as Altria), R.J. Reynolds, and Lorillard.

With your support we can meet our needs

- Re-lay brick path in parking lot ... \$200**
- New picnic tables (10) ... \$500 each**
- Stabilization to Curing Barn ... \$4,500**
- New seats in auditorium ... \$12,950 (\$185each)**
- Update site bathrooms ... \$20,000**

If you would like to take a gander at the full site list of needs, or want to know more about a particular item, contact Site Manager, Mia Berg, at **(919) 477 – 5498** or email duke@ncdr.gov.



GOLD LEAF

Duke Homestead Education
and History Corporation
2828 Duke Homestead Road
Durham, NC 27705

Phone: 919-477-5498
Fax: 919-479-7092

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