

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright

File No. P114508

ORDER TO FILE SPECIAL REPORT

Pursuant to a resolution of the Federal Trade Commission dated August 13, 2013, entitled "Resolution Directing Use of Compulsory Process," a copy of which is enclosed, [company] is ordered to file a Special Report with the Commission not later than October 28, 2013, containing the information specified herein. Much of the information requested for this report is to be filed electronically.

Your report is required to be subscribed and sworn to by an official of [company] who has prepared or supervised the preparation of the report from books, records, correspondence, and other data and material in your possession.

Your report should restate each item of this Order with which the corresponding answer is identified. If any question cannot be answered fully, give such information as is available to you and explain how and why your answer is incomplete.

Please supply written answers to each of the following twelve questions:

1. The subscriber to your report is to give his or her full name and business address and state his or her official capacity.
2. State the full name of [company], its official address, and its date and state of incorporation.

¹ For your information, under the Paperwork Reduction Act, as amended, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. For this information request, that number is 3084-0134.

3. State whether [company] is a subsidiary company; and if so, identify the full name and official address of its ultimate parent company.²
4.
 - A. If [company] is a subsidiary company, identify all other direct and indirect subsidiary companies of [company's] ultimate parent company, and for each such subsidiary company: (1) provide its full name and address; (2) identify its direct parent company and all of its direct subsidiary companies; and (3) state whether it has any involvement in the manufacturing, labeling, advertising, promotion, marketing, development, offering for sale, sale, or distribution of cigarettes.
 - B. If [company] is not a subsidiary company, identify all of [company's] direct and indirect subsidiary companies, and for each such subsidiary company: (1) provide its full name and address; (2) identify its direct parent company and all of its direct subsidiary companies; and (3) state whether it has any involvement in the manufacturing, labeling, advertising, promotion, marketing, development, offering for sale, sale, or distribution of cigarettes.

² For the purposes of this Order, the term “subsidiary company” shall mean a company that is controlled by another entity; the term “parent company” shall mean an entity that controls another company; and the term “ultimate parent company” shall mean the highest level parent company that is not controlled by another entity.

Furthermore, for purposes of this Order, the term “control” (as used in the terms “control(s)” and “controlled”) shall mean either holding 50 percent or more of the outstanding voting securities of an issuer or in the case of an entity that has no outstanding voting securities, having the right to 50 percent or more of the profits of the entity, or having the right in the event of dissolution to 50 percent or more of the assets of the entity.

5. Report the net (*i.e.*, after accounting for returns) number of cigarettes sold in the United States by the Company during calendar year 2012.³ This includes cigarettes given for free to retailers for subsequent sale to consumers. Report unit sales in number of cigarettes sold.
6. Report the net (*i.e.*, after accounting for returns) dollar value of cigarettes sold in the United States by the Company during calendar year 2012. Report dollar sales value in whole dollars.
7. Report the net (*i.e.*, after accounting for returns) number of cigarettes given away in the United States by the Company during calendar year 2012. This should include all cigarettes distributed for free whether through sampling, coupons for free product, “buy 3 get 1 free” type offers, or otherwise, as long as such cigarettes were not reported as sold in response to Question 5, above.⁴ Report units given away in number of cigarettes given away.

³ For the purposes of this Order, the term “the Company” shall mean: [company]; all entities identified in response to Questions 3 and 4, above, that have any involvement in the manufacturing, labeling, advertising, promotion, marketing, development, offering for sale, sale, or distribution of cigarettes; and all other entities related through common ownership or common governance that have any involvement in the manufacturing, labeling, advertising, promotion, marketing, development, offering for sale, sale, or distribution of cigarettes. The term “company” shall not, however, include any entity: (1) whose only involvement in the manufacturing, labeling, advertising, promotion, marketing, development, offering for sale, sale, or distribution of cigarettes is as a convenience store, supermarket, gas station, pharmacy, or other retailer; (2) which sells cigarette products that are not manufactured or imported by the company; and (3) for which sales of cigarettes products and cigarette related merchandise constitute less than 25% of its total retail sales.

Furthermore, for the purposes of this Order, the term “United States,” when used in a geographical sense, includes the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the United States territorial possessions (including Guam, the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, and Johnston Island).

In addition, for the purposes of this Order, the phrase “sold in the United States” shall include all sales: (a) within the United States; (b) to members of the Armed Forces of the United States located outside the United States; or (c) for delivery to a vessel or aircraft of the Armed Forces of the United States, as supplies, for consumption beyond the jurisdiction of the internal revenue laws of the United States.

⁴ For the purposes of this Order, the phrase “given away in the United States” shall include all cigarettes given away: (a) within the United States; (b) to members of the Armed Forces of the United States located outside the United States; or (c) for delivery to a vessel or aircraft of the Armed Forces of the United States, as supplies, for consumption beyond the jurisdiction of the internal revenue laws of the United States.

8. Report separately the dollar amount expended during calendar year 2012 by the Company on cigarette advertising, merchandising, or promotion in the United States in each category specified in items 26 through 54 of the “Reportable Expenditures” section of this Order.⁵ This request is in addition to the request for the electronic “Cigarette Report Datafiles.”
9. A. State whether the Company or any other persons working for or on behalf of the Company paid any money or compensation, or made any other contribution (including, but not limited to, goods or services, including free cigarettes) in connection with any production or filming of any motion picture(s) or television show(s) during calendar year 2012. If so, please state which show(s) or movie(s), and the dollar value of each payment or contribution.
- B. State whether the Company or any other persons working for or on behalf of the Company paid any money or compensation, or made any other contribution (including, but not limited to, goods or services, including free cigarettes) during calendar year 2012 to any individual, partnership or corporation engaged in the business of product placement in motion pictures or television shows. If so, please identify: the person who made the contribution; the recipient of the payment or contribution; the nature and amount of the payment or contribution; and the name of each and every motion picture or television show in which any of the Company’s cigarette products or cigarette brand imagery appeared in return for such payment or contribution.
- C. State whether the Company or any other persons working for or on behalf of the Company sought or solicited the appearance of any cigarette product or any cigarette brand imagery in any motion picture(s) or television show(s) during calendar year 2012. If so, please state which show(s) or movie(s).

⁵ For the purposes of this Order, the term “advertising” refers to all activities relating to cigarettes that are intended or likely to be seen or heard by members of the public, regardless of whether they refer or relate to a brand or brands of cigarettes.

For the purposes of this Order, the term “cigarette advertising” does not refer to and should not be construed to include: (a) company or divisional names, when used as such, other than in an advertisement relating to cigarettes; (b) signs on factories, plants, warehouses and other facilities related to the manufacture or storage of cigarettes; (c) corporate or financial reports; (d) communications to security holders of the Company and to others who customarily receive such communications; (e) employment advertising; or (f) advertisements directed to youth or their parents that are intended to reduce youth smoking.

Furthermore, for the purposes of this Order, the phrase “advertising, merchandising, or promotion in the United States” shall include all advertising, merchandising, or promotion: (a) within the United States; or (b) to members of the Armed Forces of the United States.

- D. State whether the Company or any other persons working for or on behalf of the Company granted approval or otherwise gave permission for the appearance of any cigarette product or any cigarette brand imagery in any motion picture(s) or television show(s) during calendar year 2012. If so, please state which show(s) or movie(s).
- E. State whether the Company or any other persons working for or on behalf of the Company sought or solicited the appearance of any cigarette product or any cigarette brand imagery, or granted approval or otherwise gave permission for the appearance of any cigarette product or any cigarette brand imagery, in any video appearing on the Internet, including, but not limited to, sites providing user-generated content, during calendar year 2012. If so, please provide the name of the video(s), the name of the site on which the video(s) appeared, and the Uniform Resource Locator (“URL”) for each video.
- F. State whether the Company or any other persons working for or on behalf of the Company engaged in social media marketing that promoted any cigarette brand or variety, or that used any cigarette brand imagery, in 2012. If so, please identify each type of social media marketing used, including, but not limited to, social networking sites, microblogging sites, content-sharing sites, and blogs.
10. To the extent that such information is possessed by the Company or any other persons working for or on behalf of the Company, identify each and every televised event that was aired in calendar year 2012 during which the name, logo, or an image of any portion of the package of any brand or variety of cigarettes sold by the Company appeared on television through televised coverage of sponsored events, teams, or individuals.
11. A. List all varieties of cigarettes that the Company first offered for sale in the United States during calendar year 2012.
- B. List all varieties of cigarettes that the Company discontinued from sale in the United States during calendar year 2012.
12. Report the dollar amount expended during calendar year 2012 by the Company in the United States on advertisements directed to youth or their parents that are intended to reduce youth smoking.⁶

For each question 5-12, above, if the information responsive to the question exists only within subsidiaries, it is permissible to submit separate reports from each subsidiary with responsive information subscribed and sworn to by an official of each such subsidiary, who has prepared or supervised the preparation of the report from books, records, correspondence, and other data and material in its possession. In such case, an official of [company] still must submit a report

⁶ For purposes of this Order, the term “youth” means persons younger than eighteen years of age.

subscribing and swearing that the subsidiaries' reports submitted constitute all relevant information for the [company] and its subsidiaries, and that no contrary information exists. The written report or reports may be submitted either in paper form or as a .pdf file. In either case, the paper document(s) or the .pdf file(s) must include the signature(s) of the above-referenced official(s) attesting to the accuracy of the Company's report.

INSTRUCTIONS FOR COMPLETING THE CIGARETTE REPORT DATAFILES

The Commission requests that information be produced by the Company in spreadsheet format (readable by Microsoft Excel). The instructions below provide detailed information on how to complete each field of the Cigarette Report Datafile.

This Order provides that sales data and certain other information are to be reported separately for each variety of cigarettes⁷ produced by the Company. However, the Commission is requesting that expenditures on cigarette advertising, merchandising, or promotion in the United States be reported only at the brand level, rather than at the variety level. Therefore, each brand should have an "Overall brand" record for which you should: (a) complete Fields 1-4, 6, and 26-54; and (b) leave empty Fields 5, 7-25, and 55-60. Each brand should also have a record for each cigarette variety within the brand, for which you should: (a) complete Fields 1-25 and 55-60; and (b) leave empty Fields 26-54.⁸

The Commission is also requesting that expenditures on cigarette advertising, merchandising, or promotion in the United States that are not attributable to or in connection with any specific brand of cigarettes be reported in a "non-brand specific" record. For this "non-brand specific" record: (a) complete Fields 1-3, and 26-54; and (b) leave empty Fields 4-25 and 55-60. Examples of such expenditures might include, among others, Category A expenses advertising or promoting all cigarettes generally or all of the Company's cigarettes but not any specific brand of cigarettes, Category Q expenses, and Category W expenses.

⁷ For purposes of this Order, the term "variety of cigarette" refers to cigarettes that could have been differentiated by consumers according to any of the information reported in Fields 6 through 13 (brand name and marketing descriptors). Separate production runs, minor changes in tar or nicotine and other minor modifications in any variety reported upon need not be reported separately.

⁸ For example, a brand with one variety will have two records (an overall brand record and a record specific to that one variety); a brand with 20 varieties will have 21 records (an overall brand record and a record specific to each of the 20 varieties).

EXPLANATION OF DATAFILE STRUCTURE:

Attachment A contains the field names and field types for the Cigarette Report Datafile. Each field is described below:

FIELD DEFINITIONS:

Each record contains 59 fields of data. The first five fields in the file are used to create a unique identifier for each variety of cigarette. Please note the field names (in CAPS) cited below and use them as written for the Company's submissions.

1. YEAR (Year): Numeric field. Refers to the calendar year for which information is being reported. Entered as "20XX."

2. COMPCODE (Company Code): Character field. Enter letter assigned for the Company:

Vector Group	C
Lorillard	D
Altria Group	E
Reynolds American	F
Commonwealth Brands	G

3. BRANDNO (Brand number): Numeric field. Entered as values 01 to 99. Enter previously assigned number for existing brands. If new brand or previously unassigned, assign the next unused integer. For the "Non-brand specific" record, enter the value 99.

4. VARIETY (Variety code): Numeric field. Entered as values 01 to 99. Enter previously assigned number for existing brand varieties. If new variety or previously unassigned, assign the next unused integer. For the "Overall brand" record, enter the value 99.

5. NUM (Number per pack): Numeric field. Entered as 1, 2, or 3. Refers to the pack size in which the variety is typically offered for sale (20=1, 25=2, All Other=3).

The next eight fields include the brand name and marketing / physical characteristics that make the variety unique. Please enter the descriptors in the appropriate fields. Please enter all letters that appear in alpha-numeric character fields using only capital letters.

6. BRAND-NAME (Brand name): Character field. Refers to the brand identified on the cigarette pack or in advertising. If the product is a generic or private label cigarette, indicate "GENERIC" and complete a separate record for each distinct variety. This field is 30 characters long.

7. CR-LENGTH (Marketing description of length): Character field. This field is eight characters long and can contain a number or term.

8. CR-FILTER (Marketing description of filter): Character field. This field is eight characters long.
9. CR-PACKAGE (Marketing description of packaging): Character field. This field is eight characters long.
10. CR-STRENGTH (Marketing description of cigarette taste/strength): The FTC is no longer collecting this information, but is keeping the field intact so that all of the subsequent fields retain their existing numbers. Leave this field blank.
11. CR-FLAVOR (Marketing description of cigarette flavoring): Character field. This field is eight characters long.
12. CR-STYLE (Marketing description of special attributes of a variety): Character field. This field is eight characters long.
13. CR-OTHER (Marketing descriptors not falling into standard categories): Character field. This field is eight characters long.

The next three fields are used to record the net number of units of the variety that were sold, the net number of units that were given away, and the dollar value of the net number of units sold.

14. VARUNITSSOLD (Variety units sold): Numeric field. Report one figure for the number of cigarettes of this variety sold in the United States during calendar year 2012, net of the number of cigarettes of this variety that were returned. Include cigarettes given away to retailers for subsequent sale to consumers. For the “Overall brand” record, leave this field blank.
15. VARUNITSGIVEN (Variety units given away): Numeric field. Report one figure for the number of cigarettes of this variety given away in the United States during calendar year 2012, net of the number of cigarettes of this variety that were returned. For the “Overall brand” record, leave this field blank.
16. VARSALES (Variety-sales): Numeric field. Report one figure for the dollar value of cigarettes of this variety sold in the United States during calendar year 2012, net of the value of cigarettes of this variety that were returned. For the “Overall brand” record, leave this field blank.
17. VARPERCENT (Variety unit sales percent): FTC calculated field value, enter 0 here.
18. CIGLENGTH (Cigarette length in millimeters): Numeric field. Three digits. Enter cigarette length in millimeters.
19. FILCODE (Filter code): Character field. One character in length. Enter “F” for filtered or “N” for non-filtered.
20. FLAVOR (Flavoring): Character field. One character in length. Enter “M” for menthol, “N” for non-flavored, “O” for other flavored.

21. PACKTYPE (Packaging): Character field. One character in length. Enter “S” for soft-pack, “H” for hard-pack.
22. LASTSOLD (If the variety was discontinued during the year, the date on which it was last sold): Numeric Values as YYMMDD (no slashes).

The next three fields are used to record the tar, nicotine, and carbon monoxide yield of the particular variety of cigarette. If no data are available, please leave these fields blank. Please round tar and carbon monoxide figures to the nearest whole mg. Please round nicotine figures to the nearest tenth mg.

23. TAR (Tar): Numeric value, range 0 - 99.
24. NICOTINE (Nicotine): Numeric value, range 0.0 - 9.9.
25. CO (Carbon Monoxide): Numeric value, range 0 - 99.

REPORTABLE EXPENDITURES:

The next 29 fields are used to record advertising, merchandising, or promotion expenditures in the United States for the specific categories requested by the FTC. Please provide information for items 26-54 in thousands of dollars. Expenditures may be rounded to the nearest thousand dollars. For example \$1,234,567 should be reported as either 1234.567 or 1235, not 1234567.

26. CAT-A-EXP (Category-A Expenses): Newspaper advertising but excluding, if practicable, those expenditures covered by Categories L through V, which should be reported in those categories.
27. CAT-B-EXP (Category-B Expenses): Magazine advertising but excluding, if practicable, those expenditures covered by Categories L through V, which should be reported in those categories.
28. CAT-C-EXP (Category-C Expenses): Outdoor advertising but excluding, if practicable, those expenditures covered by Category E or Categories L through V, which should be reported in those categories. “Outdoor advertising” means (1) billboards, (2) signs and placards in arenas, stadiums, and shopping malls, whether any of the foregoing are open air or enclosed, and (3) any other advertisements placed outdoors regardless of their size, including those on cigarette retailer property.
29. CAT-D-EXP (Category-D Expenses): All expenditures for audio-visual or video advertising on any medium of electronic communication not subject to the jurisdiction of the Federal Communications Commission. This category includes, but is not limited to, advertisements on: screens at motion picture theaters, television screens or monitors in residential dwellings, as in certain televised programs and through video cassette or DVD entertainment products; and television screens or monitors in commercial establishments, such as video arcades. This category does not include expenditures for advertising on the Internet, which should be

reported in Category W or Category X below.

30. CAT-E-EXP (Category-E Expenses): Transit advertising but excluding, if practicable, those expenditures covered by Categories L through V, which should be reported in those categories. “Transit advertising” means advertising on or within private or public vehicles and all advertisements placed at, on or within any bus stop, taxi stand, transportation waiting area, train station, airport or any other transportation facility.

31. CAT-F-EXP (Category-F Expenses): Direct mail advertising but excluding, if practicable, those expenditures covered by Categories L through V or Category X, which should be reported in those categories.

32. CAT-G-EXP (Category-G Expenses): Point of sale advertising but excluding, if practicable, those expenditures covered by Category C or Categories L through V, which should be reported in those categories.

33. CAT-H-EXP (Category-H Expenses): Price discounts paid to cigarette retailers or wholesalers in order to reduce the price of cigarettes to consumers, including off-invoice discounts, buy downs, voluntary price reductions, and trade programs, but excluding retail value added expenditures for promotions involving free cigarettes (*e.g.*, buy two, get one free) covered by Category U and expenditures involving coupons covered by Category T, which should be reported in those categories.

34. CAT-I-EXP (Category-I Expenses): Promotional allowances paid to cigarette retailers in order to facilitate the sale or placement of any cigarette, including payments for stocking, shelving, displaying and merchandising brands, volume rebates, incentive payments, and the cost of cigarettes given to retailers for free for subsequent sale to consumers, but excluding, if practicable, those expenditures covered by Categories A through H, which should be reported in those categories.

35. CAT-J-EXP (Category-J Expenses): Promotional allowances paid to cigarette wholesalers in order to facilitate the sale or placement of any cigarette, including payments for volume rebates, incentive payments, value added services, promotional execution, and satisfaction of reporting requirements but excluding, if practicable, those expenditures covered by Categories A through I, which should be reported in those categories.

36. CAT-K-EXP (Category-K Expenses): Promotional allowances paid to any persons other than retailers, wholesalers, and full-time company employees who are involved in the cigarette distribution and sales process in order to facilitate the sale or placement of any cigarette but excluding, if practicable, those expenditures covered by Categories A through J, which should be reported in those categories.

37. CAT-L-EXP (Category-L-Expenses): Sampling of cigarettes, including the costs of the cigarettes themselves, all associated excise taxes and increased costs under the Master Settlement Agreement, and the costs of organizing, promoting and conducting sampling. Sampling includes the distribution of cigarettes for consumer testing or evaluation when consumers are able to smoke

the cigarettes outside of a facility owned or operated by the Company or its agents, but the cost of actual clinical testing or market research associated with such cigarette distributions should not be reported. Coupons distributed for free cigarettes, with no purchase or payment required to obtain the coupons or cigarettes, should be reported in this category. When reporting expenses associated with such coupons for free cigarettes, the value reported should include: (a) the total redemption expense (including expenses for payments to retailers or vendors for processing) for such coupons in the calendar year, as determined under Generally Accepted Accounting Principles; and (b) all other costs associated with such coupons incurred in the calendar year, including, but not limited to, costs associated with advertising, promotion, design, printing, and distribution.

38. CAT-M-EXP (Category-M Expenses): All costs of distributing any item (other than cigarettes, items the sole function of which is to advertise or promote cigarettes, or written or electronic publications), whether distributed by sale, redemption of coupons, or otherwise, that bears the name, logo, or an image of any portion of the package of any brand or variety of cigarettes sold by the Company. The expenditures reported in this category shall be the net cost to the Company, *i.e.*, payments received from consumers for such items shall be deducted. Whenever such activities are combined with cigarette sampling, the expenditures connected therewith shall be reported solely in Category L. When such activities are combined with the sale of cigarettes, such as when a non-cigarette item is blister-packed to a package or packages of cigarettes, the expenditures connected therewith shall be reported solely in Category V.

39. CAT-N-EXP (Category-N Expenses): All costs of distributing any item (other than cigarettes, items the sole function of which is to advertise or promote cigarettes, or written or electronic publications) in connection with the marketing or promotion of cigarettes, whether distributed by sale, redemption of coupons, or otherwise, that does not bear the name, logo, or an image of any portion of the package of any brand or variety of cigarettes sold by the Company. The expenditures reported in this category shall be the net cost to the Company, *i.e.*, payments received from consumers for such items shall be deducted. Whenever such activities are combined with cigarette sampling, the expenditures connected therewith shall be reported solely in Category L. When such activities are combined with the sale of cigarettes, such as when a non-cigarette item is blister-packed to a package or packages of cigarettes, the expenditures connected therewith shall be reported solely in Category V.

40. CAT-O-EXP (Category-O Expenses): Public entertainment events bearing or otherwise displaying the name or logo or an image of any portion of the package of any of the Company's cigarettes or otherwise referring or relating to cigarettes, which take place in an adult-only facility. For the purposes of this Order, the term "adult-only facility" means a facility or restricted area (whether open-air or enclosed) where the operator ensures or has a reasonable basis to believe that no underage person is present. A facility or restricted area need not be permanently restricted to adults in order to constitute an adult-only facility, provided that the operator ensures or has a reasonable basis to believe that no underage person is present during the event or time period in question. Furthermore, for purposes of this Order, the term "underage" means younger than eighteen years of age. This item includes all expenditures made by the Company in promoting and/or sponsoring such events.

41. CAT-P-EXP (Category-P Expenses): Public entertainment events (including, but not limited to, concerts and sporting events) bearing or otherwise displaying the name, logo, or an image of any portion of the package of any of the Company's cigarettes or otherwise referring or relating to cigarettes, which do not take place in an adult-only facility. This item includes all expenditures made by the Company in promoting and/or sponsoring such events.
42. CAT-Q-EXP (Category-Q Expenses): Public entertainment events (including, but not limited to, concerts and sporting events) bearing or otherwise displaying the name of the Company or any variation thereof but not bearing or otherwise displaying the name, logo, or an image of any portion of the package of any of its cigarettes or otherwise referring or relating to cigarettes. This item includes all expenditures made by the Company in promoting and/or sponsoring such events.
43. CAT-R-EXP (Category-R Expenses): Endorsements, testimonials, and product placement. This item includes, but is not limited to, all expenditures made to procure cigarette use, or to procure the mention of a cigarette product or company name, or the appearance of a cigarette product or name, logo, or package, in any situation (*e.g.*, motion picture, television show or program, stage show, public appearance by a celebrity) where such use, mention or appearance may come to the attention of the public.
44. CAT-S-EXP (Category-S Expenses): Sponsorship of sports teams or individual athletes but excluding, if practicable, those expenditures covered by Category R, which should be reported in that category. "Sports teams or individual athletes" includes but is not limited to competitors in football, basketball, baseball, hockey, tennis, wrestling, karate, judo, weight lifting, volleyball, skiing, skating, sailing, boating, equestrian, rodeo, automobile, race car, funny car, motorcycle, bicycle, truck, monster truck, tractor-pull, fishing, and hunting events, competitions, tournaments, and races.
45. CAT-T-EXP (Category-T Expenses): All expenditures and costs associated with coupons for the reduction of the retail cost of cigarettes (whether redeemed at the point of sale or by mail), including: (a) the total redemption expense (including expenses for payments to retailers or vendors for processing) for such coupons in the calendar year, as determined under Generally Accepted Accounting Principles; and (b) all other costs associated with such coupons incurred in the calendar year, including, but not limited to, costs associated with advertising, promotion, design, printing, and distribution. Coupons distributed for free cigarettes, with no purchase or payment required to obtain the coupons or cigarettes, should be reported in Category L. Redemption costs should include any payments to retailers above the face value of the coupons.
46. CAT-U-EXP (Category-U Expenses): Retail value added expenditures for promotions involving free cigarettes (*e.g.*, buy two, get one free), whether or not the free cigarettes are physically bundled together with the purchased cigarettes, including all expenditures and costs associated with the value added to the purchase of cigarettes (*e.g.*, all associated excise taxes paid on the free cigarettes and any increased costs under the Master Settlement Agreement resulting from the distribution of the free cigarettes).
47. CAT-V-EXP (Category-V Expenses): Retail value added expenditures for promotions involving free non-cigarettes items (*e.g.*, buy two, get a cigarette lighter), including all

expenditures and costs associated with the value added to the purchase of cigarettes.

48. CAT-W-EXP (Category-W Expenses): All expenditures for advertising on any Company Internet web site that can be accessed by computers located in the United States, regardless of where the site is located or the Internet address of the site or page.

49. CAT-X-EXP (Category-X Expenses): All expenditures for advertising on the Internet, other than on the Company's own Internet web site, including, but not limited to, the World Wide Web, commercial online services, and electronic mail messages, but excluding, if practicable, those expenditures covered by Category Z, which should be reported in that category. This category includes but is not limited to: spending on all Internet sites and pages, hyperlinks and banners on third-party sites, newsgroups, and online advertisements that can be accessed by computers located in the United States, regardless of where the site is located or the Internet address of the site or page; all direct mail advertising using electronic mail messages; and all sites and pages, hyperlinks and banners on third-party sites, newsgroups, or electronic mail messages that include the name, logo, symbol, motto, or selling message of a brand of cigarettes, or are referred to in any other cigarette advertisement, regardless of whether the site, page, hyperlink, banner, or electronic mail message is promoting the sale of cigarettes. Expenditures include but are not limited to the cost of developing, creating, maintaining, monitoring, and updating the site, page, banner, or other form of online advertising, whether located on systems maintained by the Company or by third-party advertisers, commercial online services, or Internet World Wide Web host providers.

50. CAT-Y-EXP (Category-Y Expenses): All expenditures for telephone advertising. This category includes but is not limited to costs associated with the placement of telemarketing calls or the maintenance or operation of incoming telephone lines that allow consumers to participate in any promotion or hear pre-recorded product messages, but excludes costs associated with having customer service representatives available for responding to consumer complaints or questions.

51. CAT-Z-EXP (Category-Z Expenses): All expenditures for social media marketing on Web sites or other online services or communities, including, but not limited to, social networking sites, microblogging sites, content-sharing sites, and blogs.

52. CAT-AA-EXP (Category-AA Expenses): Any advertising or promotional expenditures not covered by another reporting category. Specify the total amount on the form and briefly describe the specific subject matter of each such expenditure.

53. TOT-ADV-EXP (Total Reportable Expenditures): Refers to reportable expenditures for the brand as defined in the appropriate explanatory notes. The figure provided for total reportable expenditures should equal the sum of the expenses listed in Categories A through AA for the brand.

54. SPORTS-EXP (Sports and Sporting Events): The expenditures reported in this category are intended to be duplicative of expenditures listed above on lines 26-52 and totaled on line 53. Do not report any expenditures on this line that have not also been reported on lines 26-52. For example, sponsorship of a sporting event that is reported on line 41 or 42 would also be reported on line 54; and a miscellaneous expenditure for sponsoring a sports or racing team would be reported

on lines 44 and 54. "Sports and sporting events" include but are not limited to football, basketball, baseball, hockey, tennis, wrestling, karate, judo, weight lifting, volleyball, skiing, skating, sailing, boating, equestrian, rodeo, automobile, race car, funny car, motorcycle, bicycle, truck, monster truck, tractor-pull, fishing, and hunting events, competitions, tournaments, and races.

Report all items that include but are not limited to all expenditures connected with or related to the sponsoring, advertising, or promotion of sports or sporting events, including any racing or automotive events, support of an individual, group, sports, or racing team, and purchase of or support for sports or racing equipment, uniforms, sports or racing facilities and or training facilities, and all expenditures for advertising including, but not limited to, print, television, radio, billboards, banners, etc., in the name of the Company or any of its cigarette brands in a sports or racing facility, on a scoreboard or in conjunction with the reporting of sports or racing results; and all expenditures connected with the production, offer, sale, or provision without fee of all functional promotional items at or in connection with a sporting or racing event, including, but not limited to, clothing, hats, bags, posters, sporting or racing goods, and equipment.

55. Was the variety's tar rating disclosed on the cigarette pack?

1. Yes
2. No

56. Was the variety's nicotine rating disclosed on the cigarette pack?

1. Yes
2. No

The next two fields are used by the FTC.

57. BRAND-SALES (Brand unit sales): FTC calculated field value, enter 0 here.

58. BRAND-DOLLARS (Brand dollar sales): FTC calculated field value, enter 0 here.

The last field holds additional identifier data for specific varieties of cigarettes.

59. UPC-CODE: Numeric value, enter industry standard bar-code value for product as printed on the pack.

OTHER EXPLANATORY NOTES

Expenditures on lines 26-52 should be included in only one category. Expenditures on line 54 (sporting events) duplicate expenditures reported on lines 26-52. Reportable expenditures (lines 26-52) should equal the total on line 53, and should equal the total cost to the Company of administering the activity involved, including commissions and other payments made to separate organizations such as advertising agencies. Such expenditures should not include the costs of employing full-time employees of the Company or any overhead expenses attributable to the

activities of such company employees.

The financial accounting procedure to be used in assigning an expenditure to a particular calendar year shall be the accrual rather than the cash basis method of accounting.

You are advised that penalties may be imposed under applicable provisions of federal law for failure to file special reports or for filing false reports.

The Special Report called for in this Order is to be filed on or before October 28, 2013.

By direction of the Commission.

Edith Ramirez, Chairwoman

SEAL

August 13, 2013

The Report required by this Order, or any inquiry concerning it, should be addressed to:

Shira Modell
Federal Trade Commission
Division of Advertising Practices
600 Pennsylvania Avenue, N.W., Mailstop NJ-3212
Washington, D.C. 20580

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Edith Ramirez, Chairwoman**
 Julie Brill
 Maureen K. Ohlhausen
 Joshua D. Wright

RESOLUTION DIRECTING USE OF COMPULSORY PROCESS

File No. P114508

Nature and Scope of Matter: To collect information concerning sales and practices and methods of advertising and promotion of cigarettes employed throughout the United States during calendar year 2012 by Altria Group, Inc.; Commonwealth Brands, Inc.; Lorillard, Inc.; Reynolds American, Inc.; and Vector Group Ltd.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this inquiry.

Authority:

Sections 6, 9, and 10, Federal Trade Commission Act, as amended, 15 U.S.C. §§ 46, 49, and 50; FTC Procedures and Rules of Practice, 16 C.F.R. §§ 1.1 et seq., and supplements thereto.

By direction of the Commission.

Donald S. Clark
Secretary

ISSUED: August 13, 2013