



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

July 30, 2015

Kristina Barker
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the merger between Reynolds and Lorillard will lead to higher prices for cigarettes. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

The purpose of the Consent Agreement is to mitigate anticompetitive concerns resulting from Reynolds acquiring Lorillard, such as higher cigarette prices. Specifically, it requires Reynolds to divest several brands to Imperial Tobacco Group plc (“Imperial”). Based on the evidence, including the investment strategy that Imperial has publicly described, the Commission has concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger, such as higher cigarette prices.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission’s website at www.ftc.gov. Thank you for your interest in the Commission’s antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



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WASHINGTON, D.C. 20580

Office of the Secretary

July 30, 2015

Robert Bobak
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that even with the proposed divestment, Imperial Tobacco Group plc (“Imperial”) will be unable to compete against the two leading U.S. cigarette companies. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission’s website at www.ftc.gov. Thank you for your interest in the Commission’s antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



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Office of the Secretary

July 30, 2015

H. Louise Butler
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that Imperial Tobacco Group plc (“Imperial”) does not have a good history of maintaining market share in the cigarette market and that this may drive future job losses. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger. Although the Commission has no authority to intervene in current or future labor decisions, the Commission has determined that the transfer of Lorillard’s workforce to Imperial will help Imperial be competitive.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission’s website at www.ftc.gov. Thank you for your interest in the Commission’s antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
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Office of the Secretary

July 30, 2015

Kenneth Caldwell
Caldwell Wholesale Company, Inc.
State of Louisiana

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letters to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letters, you express concern that the Reynolds acquisition of Lorillard already has reduced competition. In particular, you express concern that wholesalers who had been direct purchasers from Lorillard, but not Reynolds, are no longer able to purchase Newport directly from Reynolds. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In general, a manufacturer has wide latitude to decide which customers to do business with. In this instance, it does not appear that the fact that Reynolds, after the acquisition, has chosen to sell Newport to certain wholesale accounts and not others, is itself evidence of a reduction in competition in the marketplace.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission’s website at www.ftc.gov. Thank you for your interest in the Commission’s antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



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July 30, 2015

J. Caviness
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that Reynolds is divesting brands that are in decline to Imperial Tobacco Group plc (“Imperial”) and that this may result in job losses at Imperial. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger. Although the Commission has no authority to intervene in current or future labor decisions, the Commission has determined that the transfer of Lorillard’s workforce to Imperial will help Imperial be competitive.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission’s website at www.ftc.gov. Thank you for your interest in the Commission’s antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
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July 30, 2015

Garry Collins
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, FTC File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the brands being divested to Imperial Tobacco Group plc (“Imperial”) are declining brands. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. For example, Imperial’s strategy calls for it to reposition the acquired brands to increase sales, an approach that Imperial has successfully executed with brands in other international markets. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission’s website at www.ftc.gov. Thank you for your interest in the Commission’s antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
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July 30, 2015

Jeff Davis
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the brands Reynolds is divesting to Imperial Tobacco Group plc (“Imperial”) are dead brands, that Imperial previously lost market share in the cigarette market when it acquired Commonwealth, that Imperial will not be able to effectively compete against Reynolds and Altria, and that there is the potential for job losses at Lorillard. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. For example, Imperial’s strategy calls for it to reposition the acquired brands to increase sales, an approach that Imperial has successfully executed with brands in other international markets. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger. Although the Commission has no authority to intervene in current or future labor decisions, the Commission has determined that the transfer of Lorillard’s workforce to Imperial will help Imperial be competitive.

After careful consideration of your comment and the entire record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and

Order is enclosed for your information. Relevant materials also are available from the Commission's website at www.ftc.gov. Thank you for your interest in the Commission's antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
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July 30, 2015

John Smith
State of Georgia

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, Reynolds American Inc. (“Reynolds”), and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the brands being divested to Imperial Tobacco Group plc (“Imperial”) are declining brands insufficient to restore competition, that the brands lack shelf space to be competitively significant, and that job losses will occur as a result. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. For example, Imperial’s strategy calls for it to reposition the acquired brands to increase sales, a strategy that Imperial has successfully executed with brands in other international markets. In addition, as part of the Consent Agreement, Reynolds must guarantee Imperial visible retail shelf-space for a period of five months following the close of the transaction to help the brands grow. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger. Although the Commission has no authority to intervene in current or future labor decisions, the Commission has determined that the transfer of Lorillard’s workforce to Imperial will help Imperial be competitive.

After careful consideration of your comment and the entire record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and

Order is enclosed for your information. Relevant materials also are available from the Commission's website at www.ftc.gov. Thank you for your interest in the Commission's antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
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July 30, 2015

Kilby
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the brands being divested to Imperial Tobacco Group plc (“Imperial”) are declining brands insufficient to restore competition and that, as a Lorillard employee, you will lose your job. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. For example, Imperial’s strategy calls for it to reposition the acquired brands to increase sales, a strategy that Imperial has successfully executed with brands in other international markets. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger. Although the Commission has no authority to intervene in current or future labor decisions, the Commission has determined that the transfer of Lorillard’s workforce to Imperial will help Imperial be competitive.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and

Order is enclosed for your information. Relevant materials also are available from the Commission's website at www.ftc.gov. Thank you for your interest in the Commission's antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
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July 30, 2015

Kuhn
State of Missouri

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the brands Reynolds is divesting to Imperial Tobacco Group plc (“Imperial”) are dying brands, that Imperial will not be able to compete against Reynolds and Altria, and that it is necessary to have at least three strong competitors in the cigarette market. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. For example, Imperial’s strategy calls for it to reposition the acquired brands to increase sales, a strategy that Imperial has successfully executed with brands in other international markets. In the U.S., Imperial will shift immediately from being a small regional producer with limited competitive influence on the larger firms, to become a national competitor with the third-largest cigarette business in the market. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger.

After careful consideration of your comment and the entire record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and

Order is enclosed for your information. Relevant materials also are available from the Commission's website at www.ftc.gov. Thank you for your interest in the Commission's antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



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July 30, 2015

Lane
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the brands being divested to Imperial Tobacco Group plc (“Imperial”) are declining brands, and therefore there is little hope for Imperial to be a viable competitor in the future. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. For example, Imperial’s strategy calls for it to reposition the acquired brands to increase sales, an approach that Imperial has successfully executed with brands in other international markets. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger.

After careful consideration of your comment and the entire record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission’s website at www.ftc.gov. Thank you for your interest in the Commission’s antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



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July 30, 2015

Antonette Simmons
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the proposed settlement will not fully replace the current competition in the cigarette market and that Imperial Tobacco Group plc (“Imperial”) has not demonstrated an ability to compete in the United States effectively. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. Imperial will shift immediately from being a small regional producer with limited competitive influence on the larger firms, to become a national competitor with the third-largest cigarette business in the market. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and

Order is enclosed for your information. Relevant materials also are available from the Commission's website at www.ftc.gov. Thank you for your interest in the Commission's antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



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July 30, 2015

Stanley Smith
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the merger between Reynolds and Lorillard will allow for unfair pricing, give an unfair advantage to the largest two tobacco companies, and lead to job losses. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

The purpose of the Consent Agreement is to mitigate anticompetitive concerns arising from Reynolds acquiring Lorillard. Specifically, it requires Reynolds to divest several brands to Imperial Tobacco Group plc (“Imperial”). Based on the evidence, including the investment strategy that Imperial has publicly described, the Commission has concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger, such as higher cigarette prices. Although the Commission has no authority to intervene in current or future labor decisions, the Commission has determined that the transfer of Lorillard’s workforce to Imperial will help Imperial be competitive.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and

Order is enclosed for your information. Relevant materials also are available from the Commission's website at www.ftc.gov. Thank you for your interest in the Commission's antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



UNITED STATES OF AMERICA
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July 30, 2015

Smith
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the brands being divested to Imperial Tobacco Group plc (“Imperial”) are declining brands insufficient to restore competition, that the brands lack shelf space to be competitively significant, and that the merger will result in higher prices for consumers. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. For example, Imperial’s strategy calls for it to reposition the acquired brands to increase sales, a strategy that Imperial has successfully executed with brands in other international markets. In addition, as part of the Consent Agreement, Reynolds must guarantee Imperial visible retail shelf-space for a period of five months following the close of the transaction to help the brands grow. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and

Order is enclosed for your information. Relevant materials also are available from the Commission's website at www.ftc.gov. Thank you for your interest in the Commission's antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
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Office of the Secretary

July 30, 2015

Nathan Stone
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that your present day benefits as an hourly Lorillard employee are at risk, including, potentially, your job. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

Under the terms of the Consent Agreement, Reynolds must divest a substantial set of assets to Imperial Tobacco Group plc (“Imperial”). These assets include, among others, Lorillard’s manufacturing facility and headquarters. Together with this decision, Imperial will make offers of employment to the Lorillard workforce. Although the Commission has no authority to intervene in current or future labor decisions, the Commission has determined that the transfer of Lorillard’s workforce to Imperial will help Imperial be competitive.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission’s website at www.ftc.gov. Thank you for your interest in the Commission’s antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



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July 30, 2015

Watkins
Commonwealth of Virginia

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that the brands Reynolds is divesting to Imperial Tobacco Group plc (“Imperial”) are in steep decline, that the merger is unfair to consumers, and that the livelihoods of workers affected by this merger are at risk. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. For example, Imperial’s strategy calls for it to reposition the acquired brands to increase sales, a strategy that Imperial has successfully executed with brands in other international markets. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger. Although the Commission has no authority to intervene in current or future labor decisions, the Commission has determined that the transfer of Lorillard’s workforce to Imperial will help Imperial be competitive.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and

Order is enclosed for your information. Relevant materials also are available from the Commission's website at www.ftc.gov. Thank you for your interest in the Commission's antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

July 30, 2015

[Name Withheld]
State of North Carolina

Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial Tobacco Group plc (“Imperial”) to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order is enclosed for your information. Relevant materials also are available from the Commission’s website at www.ftc.gov. Thank you for your interest in the Commission’s antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
Secretary



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July 30, 2015

[Name Withheld]
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Re: *In the Matter of Reynolds American and Lorillard, File No. 141-0168*

Thank you for your letter to the Federal Trade Commission (the “Commission”) commenting on the proposed Consent Agreement between the Commission, and Reynolds American Inc. (“Reynolds”) and Lorillard, Inc. (“Lorillard”). The proposed settlement is intended to resolve the competitive concerns raised by the acquisition of Lorillard by Reynolds. In your letter, you express concern that after this merger, Reynolds will control shelf space and prices through the EDLP program and that Imperial Tobacco Group plc (“Imperial”) will therefore be unable to compete. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii).

In considering whether to accept the proposed Consent Agreement, the Commission considered an array of evidentiary materials relating to the divested brands and the ability of Imperial to compete effectively. Based on that evidence, including the investment strategy that Imperial has publicly described, the Commission concluded that the divestiture of the brands to Imperial would be sufficient to restore the competitive environment that would have existed absent the acquisition. For example, Imperial’s strategy calls for it to reposition the acquired brands to increase sales, a strategy that Imperial has successfully executed with brands in other international markets. In addition, as part of the Consent Agreement, Reynolds must guarantee Imperial visible retail shelf-space for a period of five months following the close of the transaction to help the brands grow. The divestiture provides Imperial with a robust opportunity to undertake procompetitive actions to grow its market share in the U.S. cigarette market and help remedy the competitive concerns raised by the merger.

After careful consideration of your comment and the entire evidentiary record, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and

Order is enclosed for your information. Relevant materials also are available from the Commission's website at www.ftc.gov. Thank you for your interest in the Commission's antitrust enforcement mission and for your comment regarding this Consent Agreement.

By direction of the Commission, Commissioner Brill and Commissioner Wright dissenting.

Donald S. Clark
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