



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.



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 arrangement with Imperial with a robust opportunity to undertake procompetitive actions to grow and 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.



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



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 c Tw 15o c83j(e)4(o)-10(f)3 151 1-2(t)-8lk4(1)-rll0.002 -4lis fo



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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 ex



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

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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
Secretary



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

Office of the Secretary

July 30, 2015

Jeff Davis
State of North Carolina

Re:

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 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
Secretary



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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")T(3(tmrt)-2-.a6w 5.0

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



Office of the Secretary

July 30, 2015

Kilby
State of North Carolina

Re: *In the Matter rsettlement 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*

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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 reco



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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

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

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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 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 will help mitigate the anticompetitive concerns raised by the merger, such as higher cigarette prices. 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



Office of the Secretary

Smith

July 30, 2015

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

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Office of the Secretary

July 30, 2015

Watkins
Commonwealth of Virginia

Re: In the Matter of Reynolds American and Lorillard, File No. **0468**

Thank you for your letter to the Federal Trade Commission (the "Commission") commenting on the proposed Consent Agreement between the Commission, 0(y)21(on, w(s)-1h 0(y)21(on, w

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



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 (nve)d.004 31d.00-ffi



Office of the Secretary

July 30, 2015

[Name Withheld]

State of North Carolina
Case 8 of Reynolds American Inc. and Lorillard, Inc. 124-BIDS -3.03 -1.15Re:

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 divei12(a)4(2(i)-2g4(r)-17(y)20Do-1(i)-2(o

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