

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

COMMISSIONERS: Lina M. Khan, Chair
Noah Joshua Phillips
Rebecca Kelly Slaughter
Christine S. Wilson

File No. P114508

ORDER TO FILE SPECIAL REPORT

Pursuant to a resolution of the Federal Trade Commission dated) H E U X D U \ , en
"Resolution Directing Use of Compulsory Process," a copy of which is enclosed, & 2 0 3 \$ 1 <
1 \$ 0 (@ is ordered to file a Special Report with the Commission not later than May 31, 2022,
containing the information specified herein. Much of the information requested in this report is to
be filed electronically.

Your report is required to be subscribed and sworn to by an official of > & 2 0 3 \$ 1 <
1 \$ 0 (@ 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 requests:

The subscriber to your report is to give his or her full name and business address and state
his or her official capacity.

State the full name of > & 2 0 3 \$ 1 < 1 \$ 0 (@, its official address, and its date and state of
incorporation.

State whether > & 2 0 3 \$ 1 < 1 \$ 0 (@ is a subsidiary; and if so, identify the full
name and official address of its ultimate parent company.

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.

² For the purposes of this Order, the term "subsidiary company" shall mean a company that

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), television show(s) (including scripted, original shows streamed via the Internet), or video game(s) during calendar year 2021. If so, please identify those show(s), movie(s), and video game(s) and state 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 2021 to any individual, partnership, or corporation engaged in the business of product placement in motion pictures, television shows (including scripted, original shows streamed via the Internet), or video games. If so, please identify: the person who made the payment or 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, television show, and video game 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), television show(s) (including scripted, original shows streamed via the Internet), or video game(s) during calendar year 2021. If so, please identify those show(s), movie(s), and video game(s).
- 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), television show(s) (including scripted, original shows streamed via the Internet), or video game(s) during calendar year 2021. If so, please state which show(s), movie(s), and video game(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 2021. 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,⁷ or that used any cigarette brand imagery, in calendar year 2021. 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 2021 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. Report the dollar amount expended during calendar year 2021 by the Company in the United States on advertisements directed to underage persons or their parents that were intended to reduce smoking by underage persons.⁸

12. For each calendar year, 2019, 2020, and 2021, state whether the Company sold heated, non-combusted cigarettes (“heated cigarettes”) and if so, report, for the calendar year, the net (*i.e.*, after accounting for returns) number of heating devices designed to be used with heated cigarettes that were sold in the United States by the Company, the net dollar value of such devices sold, the net number of such devices that were given away in the United States by the Company, and the total amount expended on the advertising, merchandising, or promotion in the United States of such devices by the Company that was not reported in response to item 8 above or previously reported to the Commission.

For items 5-12 above, if the responsive information 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 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 ~~203\$14\$0(~~@ still must submit a report subscribing and swearing that the subsidiaries’ reports submitted constitute all relevant information for ~~203\$14\$0(~~@ and its subsidiaries, and that no contrary information exists. The written report or reports should be submitted as .pdf files and must include the signature(s) of the above-referenced official(s) attesting to the accuracy of the Company’s report.

INSTRUCTIONS FOR COMPLETING

merchandising, or promotion in the United States be reported in two separate datafiles. The instructions below provide detailed information on how to complete the two datafiles.

DATAFILE NO. 1

INSTRUCTIONS FOR COMPLETING DATAFILE NO. 1:

Sales data and certain other information are to be reported in Datafile No. 1 separately for each variety of cigarettes produced by the Company. For Datafile No. 1, the Commission is requesting data at the variety level, rather than at the brand level.⁹

FIELD DEFINITIONS FOR DATAFILE NO. 1

Datafile No. 1 contains 14 fields of data. The first three fields 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
Altria Group	E
Reynolds American	F
ITG Holdings	G

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

The next eight fields include the brand name and certain physical characteristics of the variety. Please enter all letters that appear in alphanumeric character fields using only capital letters.

4. **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.

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

⁹ Thus, a brand with one variety will have just one record, which will be specific to that variety; a brand with 20 varieties will have 20 records.

6. CR-LENGTH (Marketing description of length): Character field. This field can contain a number or term.
7. CR-FILTER (Marketing description of filter): Character field.
8. CR-FLAVOR (Marketing description of cigarette flavoring): Character field.
9. CIGLENGTH (Cigarette length in millimeters): Numeric field. Three digits. Enter cigarette length in millimeters.
10. FILCODE (Filter code): Character field. Enter “F” for filtered or “N” for non-filtered.
11. FLAVOR (Flavoring): Character field. Enter “M” for menthol, “N” for non-flavored, “O” for other flavored.

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.

12. 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 2021, net of the number of cigarettes of this variety that were returned. Include cigarettes given away to retailers for subsequent sale to consumers.
13. 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 2021, net of the number of cigarettes of this variety that were returned.
14. 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 2021, net of the value of cigarettes of this variety that were returned.

DATAFILE NO. 2

INSTRUCTIONS FOR COMPLETING DATAFILE NO. 2

The next 33 fields are used to record expenditures on cigarette advertising, merchandising, or promotion in the United States for the specific categories requested by the FTC. Please provide information for items 5-33 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 as 1234567.

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.

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. 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 and Category W expenses.

To the extent practicable, third-party agency fees relating to cigarette advertising, merchandising, or promotion in the United States should be reported in the categories of advertising or promotion to which those fees relate. For example, agency fees related to magazine advertising should be reported in Category B, agency fees related to point-of-sale advertising should be reported in Category F, and agency fees related to advertising on any Company web site should be reported in Category W. To the extent that third-party agency fees relating to cigarette advertising, merchandising, or promotion in the United States cannot be divided based on the materials to which they relate, they should be reported in Category AA.

FIELD DEFINITIONS FOR DATAFILE NO. 2

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
Altria Group	E
Reynolds American	F
ITG Holdings	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. BRAND-NAME (Brand name): Character field. Refers to the brand identified in advertising. If the product is a generic or private label cigarette, indicate “GENERIC.”

5. 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.

6. 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.

7. ~~880.334081(880.334081)NON8 (810451310100155)Tj00057d(72abM)T5fich40775 Tw003 Tc -0.0013 Tw~~

other advertisements placed outdoors, regardless of their size, including those on cigarette retailer property.

8. 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.
9. CAT-E-EXP (Category-E 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.
10. CAT-F-EXP (Category-F Expenses): Point-of-sale advertising, that is materials displayed or distributed at a retail location, but excluding, if practicable, those expenditures covered by Category C or Categories L through V, which should be reported in those categories.
11. CAT-G-EXP (Category-G Expenses): Price discounts paid to cigarette retailers 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.
12. CAT-H-EXP (Category-H Expenses): Price discounts paid to cigarette 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.
13. 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.
14. 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.

15. CAT-K-EXP (Category-K Expenses): Promotional allowances paid to any persons other than retailers, wholesalers, and full-time company employees 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.

16. CAT-L-EXP (Category-L-Expenses

cigarettes or otherwise referring or relating to cigarettes, that take place in an adult-only facility.¹⁰ Such events must include entertainment, as opposed to simply consumer engagement. This item includes all expenditures made by the Company in promoting or sponsoring such events. When such activities are combined with consumer engagement in adult-only facilities, the expenditures connected with consumer engagement should be reported solely in Category Q.

20. 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, that do not take place in an adult-only facility. Such events must include entertainment, as opposed to simply consumer engagement. This item includes all expenditures made by the Company in promoting or sponsoring such events.

21. CAT-Q-EXP (Category-Q Expenses): All costs of consumer engagement of smokers in adult-only facilities, including any third-party agency fees, but excluding the cost of coupons distributed. When such activities are combined with the distribution of coupons for the reduction of the retail cost of cigarettes, the expenditures associated with those coupons should be reported solely in Category T. When such activities are combined with the distribution of coupons for free cigarettes, with no purchase or payment required to obtain the coupons or cigarettes, the expenditures associated with those coupons should be reported solely in Category L.

22. 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

otherwise and whether redeemed at the point of sale, by mail, online, or otherwise), 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.

25. 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).

26. CAT-V-EXP (Category-V Expenses): Retail-value-added expenditures for promotions involving free or discounted non-cigarette product (*e.g.*, buy two, get a free lighter or buy two, save 20 cents per gallon of gasoline), including all expenditures and costs associated with the value added to the purchase of cigarettes.

27. 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. This category includes, but is not limited to, expenditures for cigarette brand web sites.

28. CAT-X-EXP (Category-X Expenses): All expenditures for advertising on the Internet, other than on the Company's own Internet web sites, 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

customer-service representatives available for responding to consumer complaints or questions.

30. 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.
31. CAT-AA-EXP (Category-AA Expenses): Any advertising or promotional expenditures not covered by another reporting category. Specify the total amount on the written report and briefly describe the specific subject matter of each such expenditure.
32. TOT-ADV-EXP (Total Reportable Expenditures): Reportable expenditures for the brand as defined in the 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.
33. SPORTS-EXP (Sports and Sporting Events): Report all advertising and promotional expenditures connected with or related to sports or sporting events, including, but not limited to: (a) 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; (b) 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; (c) 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; (d) all expenditures associated with cigarette sampling or consumer engagement in connection with a sporting event, including sampling or consumer engagement in an adult-only facility on the grounds or in the parking lot of a sports facility; (e) all expenses relating to a sweepstakes or contest focused on sports or sporting events (e.g., a trip to the Super Bowl, tickets to NASCAR, or a fishing trip), including the promotion of the sweepstakes or contest itself; and (f) all expenses for sports-related or sporting event-related prizes awarded in sweepstakes or contests that are not focused on sports or sporting events, but not cost of promoting the sweepstakes or contest itself.

The expenditures reported in this category are intended to be duplicative of expenditures listed above on lines 5-31 and totaled on line 32. Do not report any expenditures on this line that have not also been reported on lines 5-32. For example, sponsorship of a sporting event that is reported on line 20 would also be reported on line 33; and a miscellaneous expenditure for sponsoring a sports or racing team would be reported on lines 23 and 33. "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, or hunting events, competitions, tournaments, or races.

OTHER EXPLANATORY NOTES FOR DATAFILE NO. 2

Expenditures on lines 5-31 should be included

also reported on line 33 (sports). Reportable expenditures (lines 5-31) should equal the total on line 32, 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. In addition, expenditures reported on lines 5-33 should include all expenditures for advertising and promotion relating to cigarettes, regardless of whether the advertising or promotion would constitute “commercial speech” or would be protected from law enforcement action by the First Amendment. However, 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 should 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 May 31, 2022.

By direction of the Commission.

Lina M. Khan, Chair

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

Michael Ostheimer
Federal Trade Commission
Division of Advertising Practices
600 Pennsylvania Avenue, N.W., Mailstop CC-5201
Washington, D.C. 20580
mostheimer@ftc.gov