

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION

COMMISSIONERS: Rebecca Kelly Slaughter, Acting Chair  
Noah Joshua Phillips  
Rohit Chopra  
Christine S. Wilson

File No. P114508

ORDER TO FILE SPECIAL REPORT

Pursuant to a resolution of the Federal Trade Commission dated

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:

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.
3. State whether [Company] is a subsidiary company; and if so, identify the full name and official address of its ultimate parent company.<sup>2</sup>

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<sup>1</sup> 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.

<sup>2</sup>

subsidiary company

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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 2020. 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 2020. This should include all cigarettes distributed for free whether through sampling, coupons for free product, buy two get one free type offers, or otherwise, as long as such cigarettes were not reported as sold in response to Question 5, above.

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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 2020. 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 2020 to any individual, partnership,

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should be reported in Category F, and agency fees related to advertising



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 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 Y, 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 in-office discounts, buy downs, voluntary price reductions, and trade programs, but excluding ~~retailer~~-added expenditures for promotions involving free cigarettes (e.g., buy two, get one free) covered by Category D 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 in-office discounts, buy downs, voluntary price reductions, and trade programs, but excluding ~~retailer~~-added expenditures for promotions involving free cigarettes (e.g., buy two, get one free) covered by Category D 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 ~~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.

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, but not limited to, costs associated with advertising promotion, design, printing, and distribution.

17. CAT-M-EXP (Category M Expenses): All costs of consumer engagement at cigarette retail locations open to the general public, including an

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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 at 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, 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, (motion picture, television show or program, video game stage show or public appearance by a celebrity) where such use, mention, or appearance may come to the attention of the public.

23. CAT-S-EXP (Category S Expenses): Sponsorship of sports teams or individual athletes but excluding, if practicable, those expenditures covered by Category V, 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, or hunting events, competitions, tournaments, races.

24. CAT-T-EXP (Category T Expenses): All expenditures and costs associated with a coupon for the reduction of the retail cost of cigarettes whether distributed in person, by mail, online, or otherwise and whether redeemed at the point of sale, mail, online, or otherwise including: (a) the total redemption expense (including expenses 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. Redeemable coupons 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 and associated excise taxes paid

on the free cigarettes and any increases (also 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 this category includes, but is not limited to, expenditures for cigarette brand websites.

28. 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 W

33. SPORTSEXP (Sports and Sporting Events): Report all advertising and promotional expenditures connected with or related to sports or sporting events, including but not limited to: (i) 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; (ii) 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

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

The Special Report called for in this Order is to be filed on or before May 31, 2021.

By direction of the Commission.

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Rebecca Kelly Slaughter, Acting Chair

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