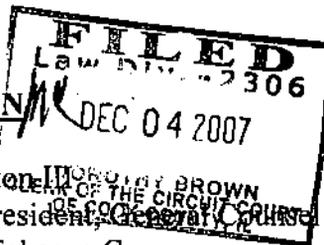


IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

PEOPLE OF THE STATE OF ILLINOIS,)
)
) Plaintiff,)
)
) v.) No. 02 L 423
) No. 96 L 13146
) PHILIP MORRIS, INCORPORATED; R.J.)
) REYNOLDS TOBACCO CO.; et al.,) Hon. Dennis J. Burke
)
) Defendants.)

NOTICE OF MOTION



TO: Stephen R. Patton PC
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601

Martin L. Holton, III
Senior Vice President & Secretary
RJ Reynolds Tobacco Company
401 North Main Street
Winston-Salem, NC 27102

PLEASE TAKE NOTICE that on the 5th day of December, 2007, at 9:20a, the People of the State of Illinois shall appear before Judge Dennis J. Burke, or any Judge sitting in his stead, in Room 2306 of the Circuit Court of Cook County, Illinois, and present the attached **State of Illinois' Emergency Motion to Enforce the Consent Decree and Final Judgment and the Master Settlement Agreement, for a Rule to Show Cause, for a Temporary Restraining Order, and for Sanctions Against R.J. Reynolds Tobacco Co., and its Memorandum in Support**, copies of which are hereby served upon you.

Dated: December 4, 2007

Respectfully Submitted,

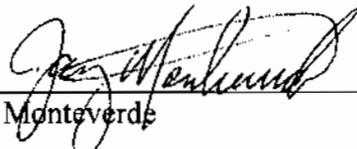
LISA MADIGAN
ATTORNEY GENERAL OF ILLINOIS

By: [Signature]
One of Plaintiff's Attorneys

Attorney No. 99000
Brent D. Stratton
Marilyn Kueper
Jay Monteverde
Assistant Attorneys General
Office of the Illinois Attorney General
100 West Randolph Street, 11th Floor
Chicago, Illinois 60601
(312) 814-4997

CERTIFICATE OF SERVICE

I, Jay Monteverde, an attorney, certify that I caused true and correct copies of the attached **State of Illinois' Emergency Motion to Enforce the Consent Decree and Final Judgment and the Master Settlement Agreement, for a Rule to Show Cause, for a Temporary Restraining Order, and for Sanctions Against R.J. Reynolds Tobacco Co. and its Memorandum in Support** to be served on the persons listed below by overnight courier on December 4, 2007.



Jay Monteverde

Stephen R. Patton PC
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601

Martin L. Holton III
Senior Vice President
General Counsel and Secretary
RJ Reynolds Tobacco Company
401 North Main Street
Winston-Salem, NC 27102

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION**

PEOPLE OF THE STATE OF ILLINOIS,)

Plaintiff,)

v.)

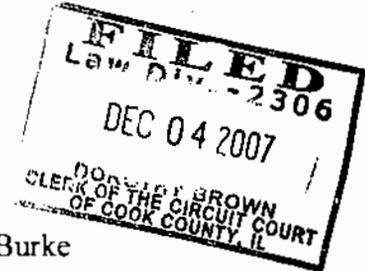
PHILIP MORRIS, INCORPORATED; R.J.
REYNOLDS TOBACCO CO.; et al.,)

Defendants.)

No. 02 L 423

No. 96 L 13146

Hon. Dennis J. Burke



**STATE OF ILLINOIS' EMERGENCY MOTION TO ENFORCE THE CONSENT
DECREE AND FINAL JUDGMENT AND THE MASTER SETTLEMENT
AGREEMENT, FOR A RULE TO SHOW CAUSE, FOR A TEMPORARY
RESTRAINING ORDER, AND FOR PENALTIES AND SANCTIONS
AGAINST R.J. REYNOLDS TOBACCO CO.**

NOW COMES the Plaintiff, PEOPLE OF THE STATE OF ILLINOIS (“the People”), through LISA MADIGAN, Attorney General of the State of Illinois, and pursuant to the Consent Decree and Final Judgment entered by the Court on December 8, 1998 (“the Consent Decree”) (*see* Mem. in Support Ex. I) and the Master Settlement Agreement (“the MSA”) (*see* Mem. in Support Ex. J), brings this Emergency Motion to Enforce the Consent Decree and the MSA, for a rule to show cause, for a temporary restraining order (“TRO”), and for sanctions against R.J. Reynolds Tobacco Company (“RJR”). In support of their Motion, the People state as follows:

1. This Court has continuing jurisdiction to implement and enforce its December 8, 1998 Consent Decree. (Mem. in Support Ex. I, Consent Decree Sec. VI.A.; Mem. in Support Ex. J, MSA Sec. VII(b).)

2. The Consent Decree permanently enjoins Defendant RJR from “using or causing to be used within the State of Illinois any Cartoon in the advertising [or] promoting” of its cigarettes. (Mem. in Support Ex. I, Consent Decree Sec. V.B.; Mem. in Support Ex. J, MSA

Sec. III(b) (“Ban on Use of Cartoons”).)

3. Section III(i) of the MSA also specifically bars signatory tobacco manufacturers, including RJR, from “licens[ing] or otherwise expressly authoriz[ing] any third party to use or advertise . . . any Brand Name in a manner prohibited by this Agreement if done by such Participating Manufacturer itself.” (Mem. in Support Ex. J, MSA Sec. III(i).)

4. As set forth in the accompanying Memorandum in Support of the People’s Motion, RJR has used or has caused the use of numerous Cartoons in its advertisements for Camel cigarettes by purchasing advertising involving Cartoons in the November 15, 2007 40th Anniversary Edition of *Rolling Stone Magazine*; featuring Cartoon images on a promotional website RJR created; and displaying Cartoon images at a free promotional concert within the State.

5. RJR is scheduled to host two other free promotional concerts within the next two weeks: one on December 9, 2007, and one on December 13, 2007. The People fully expect Cartoon images to be displayed at both of those events as well.

6. The present Motion is presented as an Emergency Motion because, without immediate action, RJR’s imminent violations of the Consent Decree and the MSA by using Cartoon advertising at its two upcoming concerts will constitute an irreparable harm to the People of the State. Moreover, the first of the upcoming promotional concerts is scheduled to occur prior to the next Regular Motion Call of this Court. Thus, the People require emergency relief.

WHEREFORE, for the reasons stated above and as further described in the accompanying Memorandum in Support, the People respectfully request that this Court grant the Motion to Enforce the Consent Decree and the MSA, and:

- a) Issue a temporary restraining order enjoining RJR from engaging in advertising or promotions that violate the Consent Decree and MSA at its upcoming December 9 and December 13 Concerts;
- b) Preliminarily and permanently enjoin RJR from using or causing to be used Cartoons in the advertising or promotion of its "The Farm" campaign through any media in the State of Illinois, including print publications, websites, or concerts;
- c) Direct RJR to remove all remaining *Rolling Stone Magazine* 40th Anniversary issues containing prohibited advertisements from all retail locations in Illinois and from any website accessible from within Illinois;
- d) Direct RJR to take all necessary steps to ensure that any persons with whom it has contractual relations, including *Rolling Stone Magazine* or its publisher, Wenner Media LLC, its advertising agencies and any other third parties cease using and/or distributing any Cartoons to advertise or market RJR's cigarettes within the state of Illinois;
- e) Direct RJR to pay a civil sanction to the State of Illinois in the amount of at least \$6.5 million, the final amount to be determined at a hearing, based on the following: (a) \$100 for each of the estimated 65,700 copies of the *Rolling Stone Magazine* 40th Anniversary issue distributed in the State; (b) \$100 for each Illinois resident registered on the "The Farm" website; and (c) \$100 per concert attendant for the impermissible use of Cartoon advertising at the November 21 Concert;
- f) Direct RJR to run one full-page anti-smoking advertisement, approved by the Illinois Attorney General, in *Rolling Stone Magazine* for each "The Farm"

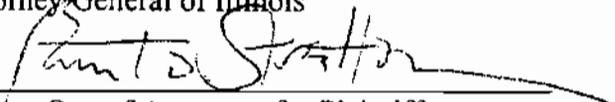
advertisement that ran in the magazine as it was distributed in Illinois;

- g) Direct RJR to pay to the American Legacy Foundation an amount equal to the cost of the multi-page Camel ad spread Reynolds placed in the November 15, 2007 issue of *Rolling Stone Magazine*, to be used for the purpose of implementing corrective advertising;
- h) Direct RJR to pay the State of Illinois' costs and attorneys' fees pursuant to Consent Decree Sec. VI.D (Ex. I, Consent Decree Sec. VI.D.);
- i) Direct RJR to comply with Consent Decree Sec. V.B. and MSA Secs. III(b) and III(i); and
- j) Granting such other and further relief as the Court deems just and equitable.

Respectfully submitted,

Dated: December 4, 2007

THE STATE OF ILLINOIS by LISA MADIGAN
Attorney General of Illinois

By: 
One of Attorneys for Plaintiff

Attorney No. 99000
Brent D. Stratton
Marilyn A. Kueper
Jay Monteverde
Assistant Attorneys General
100 W. Randolph St., 11th Floor
Chicago, Illinois 60601
312-814-4997 phone
312-814-5727 fax

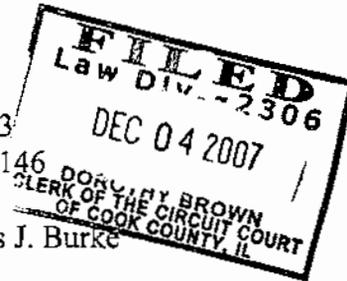
**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION**

PEOPLE OF THE STATE OF ILLINOIS,)
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PHILIP MORRIS, INCORPORATED; R.J.)
REYNOLDS TOBACCO CO.; et al.)
)
Defendants.)

No. 02 L 423

No. 96 L 13146

Hon. Dennis J. Burke



**MEMORANDUM IN SUPPORT OF THE STATE OF ILLINOIS' EMERGENCY
MOTION TO ENFORCE THE CONSENT DECREE AND FINAL JUDGMENT AND
THE MASTER SETTLEMENT AGREEMENT, FOR A RULE TO SHOW CAUSE,
FOR A TEMPORARY RESTRAINING ORDER, AND FOR SANCTIONS
AGAINST R.J. REYNOLDS TOBACCO CO.**

The People of the State of Illinois (“the People”), by their attorney, Lisa Madigan, Attorney General of the State of Illinois, respectfully submit this memorandum in support of their Emergency Motion to Enforce the Consent Decree and Final Judgment (the “Consent Decree”) and the Master Settlement Agreement (the “MSA”), for a rule to show cause, for a temporary restraining order (“TRO”), and for sanctions against R.J. Reynolds Tobacco Company (“RJR”). In support of their motion, the People state as follows:

INTRODUCTION

In November 1996, the State of Illinois filed suit against RJR and several other tobacco companies, seeking damages and injunctive relief in connection with the companies’ fraudulent and unlawful conduct in the marketing and promoting of tobacco products, including the intentional targeting of minors through their marketing and promotions, and the concealment from the public of evidence regarding the adverse health impacts of smoking and the addictiveness of nicotine. At least 40 other states filed similar actions against RJR and the other tobacco companies.

One of the focal points of the State of Illinois' allegations against RJR concerned the "Joe Camel" advertising campaign. RJR started this campaign in the United States in 1987 to commemorate the 75th anniversary of Camel cigarettes. In the first ads, the cartoon camel leered out over the pack saying, "75 years and still smoking." One part of the initial promotion was singing birthday cards in *Rolling Stone Magazine*, a publication particularly popular with young people. In 1979, before RJR began this cartoon campaign, Camel's share of the children's (14 to 17 year-olds) market was only 2.4%; one year into the Joe Camel campaign, Camel's share of 12 to 18 year-old smokers increased to 8.1%, and by 1993 the CDC reported that 13.3% of 12 to 18 year-olds named Camel as their tobacco brand. (Ex. N, Joel B. Cohen, *Playing to Win: Marketing and Public Policy at Odds Over Joe Camel*, 19 J. OF PUB. POL'Y & MARKETING 155-67 (2000).)

In November 1998, the States, including Illinois, settled their lawsuits against the tobacco companies. In Illinois, the MSA was approved as part of the Consent Decree entered by the Court on December 8, 1998. Both the Consent Decree and the MSA contain express prohibitions on the use of Cartoons in advertising, and provide clear definitions as to what constitute "Cartoons." (Ex. I, Consent Decree Sec. V.B.; Ex. J, MSA Sec. II(l), III(b).) These prohibitions are without exception. (*Id.*)

Despite the clear prohibition on Cartoon advertising, RJR, as part of its promotional campaign called "The Farm – Free Range Music" ("The Farm"), has used or has caused the use of numerous Cartoons in its advertisement for Camel cigarettes by purchasing advertising which appears on pages 64 through 72 of the November 15, 2007 40th Anniversary Edition of *Rolling Stone Magazine*. (See Ex. A, Excerpt from Nov. 15, 2007 *Rolling Stone Magazine*.)

Therefore, the People seek an Order enforcing the Consent Decree and the MSA, for a rule to show cause, for a temporary restraining order, and for sanctions against RJR.

I. FACTUAL BACKGROUND

A. The Consent Decree, the MSA, and the 2004 KOOL MIXX Settlement

In 1998, the Consent Decree and MSA were signed by the various States (“Settling States”) and Participating Tobacco Manufacturers (“the PMs”), including RJR, to settle the states’ lawsuits. Section V.B of the Consent Decree prohibits “[a]fter 180 days after the MSA Execution Date, using or causing to be used within the State of Illinois any Cartoon in the advertising, promoting, packaging or labeling of Tobacco Products.” (Ex. I, Consent Decree Sec. V.B.; *see also* Ex. J, MSA Sec. III(b) (“Ban on Use of Cartoons”).) The Consent Decree incorporates the MSA’s definition of “Cartoon”:

“Cartoon” means any drawing or other depiction of an object, person, animal, creature, or any similar caricature that satisfies any of the following criteria: (1) the use of comically exaggerated features; (2) the attribution of human characteristics to animals, plants or other objects, or the similar use of anthropomorphic technique; or (3) the attribution of unnatural or extrahuman abilities, such as imperviousness to pain or injury, X-ray vision, tunneling at very high speeds or transformation.

(Ex. J, MSA Sec. II(l).) In addition, the definition (and accompanying prohibition) expressly includes “Joe Camel,” RJR’s marketing Cartoon for its Camel cigarettes.

Moreover, Section III(i) of the MSA specifically bars PMs, including RJR, from “licens[ing] or otherwise expressly authoriz[ing] any third party to use or advertise . . . any Brand Name in a manner prohibited by this Agreement if done by such Participating Manufacturer itself.” (Ex. J, MSA Sec. III(i).)

On July 22, 2004, the State of Illinois filed a Motion to Enforce the Consent Decree and the MSA in light of RJR’s practices in the “KOOL MIXX” Hip Hop marketing campaign. On October 13, 2004, the Court entered an Order approving a Settlement Agreement which prohibited RJR from engaging in certain marketing tactics (“the 2004 Order”). There, this Court prohibited RJR in any Future KOOL MIXX campaign from using “characters such as those

found in cartoons” on KOOL MIXX Special Edition packs (Ex. K, KOOL MIXX Settlement Sec. III(4)(c)) or allowing its KOOL MIXX magazine advertising to “be placed adjacent to articles or publication content that is intended for Youth (*Id.*, KOOL MIXX Settlement Sec. III(7)(b)).” The October 13, 2004 Order also required RJR, in any Future KOOL MIXX campaign, to inform any third-party contractors in writing of the MSA’s advertising, marketing, and promotional restrictions and take steps to prevent such third-parties from violating or facilitating the violation of any such restrictions. (*Id.*, KOOL MIXX Settlement Sec. III(11).)

B. RJR Advertisements and Poster in *Rolling Stone Magazine*

The November 15, 2007 40th Anniversary Edition of *Rolling Stone Magazine* was distributed nationally and within the State of Illinois. (Ex. F, Affidavit of Tammy L. Friedewald.) Within Illinois, this issue circulated at least 65,700 copies. (*See* Ex. O, *Rolling Stone Magazine* ABC Publisher’s Statement at 3, available at http://www.srds.com/mediakits/rollingstone/abc_pub_statement.pdf.) Pages 64 through 72 of this issue contain advertisements for RJR’s “The Farm” promotion and, embedded in the middle of four pages of advertisements, a five-page foldout entitled “Indie Rock Universe” (“the Poster”). (Ex. A.) The advertisement and Poster are unified in a theme of promoting independent (or “Indie”) music. (*Id.*) The nine-page layout proceeds as follows:¹

a) RJR’s advertisements begin on (unnumbered) page 64. The words “CAMEL – Welcome to THE FARM” appear with “Surgeon General’s Warning: Quitting Smoking Now Greatly Reduces Serious Risks To Your Health.” A collage of whimsical music and farm-themed images include a butterfly inside the horn of a victrola and the tinted photograph of a woman whose forearm bears a tattoo of a winged, fire-breathing dragon. A blackbird perches on the outstretched index finger of a human hand (with purple/grey painted fingernails) that points

¹ The entire nine-page layout described in a) through e) is attached hereto as Exhibit A.

the reader to the opposing page (numbered page 65).

b) The opposing page (numbered page 65), contains hand drawings of a flaming guitar and space ships on the cover of what appears to be a student's "College Ruled" wire bound notebook with the title "Indie Rock Universe – an alternative dimension where everyone wears black Converse." The bottom of the page contains the attribution "ILLUSTRATIONS BY BENJAMIN MARRA"² and the message, "SPECIAL FOLDOUT INSIDE >>>," directing the reader to turn the page.

c) Upon turning the page as the notebook cover directs, the reader encounters two opposing fold-over pages that describe RJR's "The Farm" campaign and its sponsorship of and collaboration with independent music groups:

Camel – The Farm – Free Range Music
Committed to Supporting & Promoting Independent Record Labels
The Best Music Rises From the Underground.

The world of independent music is constantly changing. New styles and sounds emerge daily. That's why we're bringing you The FARM. A collaboration between Camel and Independent Artists and record labels. It's our way of supporting these innovators as they rise up to bring their sounds to the surface. We give them more opportunities to be heard through online music and countless events across the nation.

Visit TheFARMROCKS.com*
Free shows, great bands and more!

*Website restricted to legal age tobacco consumers

In addition to another "Surgeon General's Warning: Quitting Smoking Now Greatly Reduces Serious Risks to Your Health," these two pages contain another collage of whimsical and fantastic music and farm-themed images including an old-fashioned radio flying with a helicopter rotor; a woman driving a tractor with film reels in place of tires and upon which a

² Benjamin Marra is a designer and illustrator whose illustration portfolio consists entirely of prototypical hand-drawn Cartoons which satisfy most or all of the qualifying criteria set forth in the MSA definition. See Benjamin Marra Illustration Portfolio, available at <http://www.benjaminmarra.com/pages/illustrations.html>.

disproportionately large rooster is perched; antique radios, stereo speakers, and a television made to look as if they were growing out of flower stems; a victrola floating in mid-air; a duck perched on the back of a cow; and a disembodied human hand floating out of a framed picture of clouds clutched in the claws of a flying eagle. A woman with unnaturally red hair points her finger to the enclosed "Indie Rock Universe" poster.

d) By opening the two folded pages described in c) above, as the woman's pointed finger directs, the reader reaches the enclosed "Indie Rock Universe" four-page gatefold Poster – which forms the heart of the nine-page spread. The poster identifies more than one hundred independent music groups and divides them into categories such as "Spazmodica . . . interstellar weirdos," "Ambient Oort Cloud...synthesized space dust," "The Bearded Ladies of Space Station Eleven," and "Intergalactic Ear Killers." Next to some of the category names are hand-drawn Cartoon images, including a giant bearded woman walking along the structure of a space station; a black-and-white striped planet with studded leather belts for orbital rings; a moon-like planet covered with spiders; and a band of aliens straddling rockets and attacking disembodied human ears. Among the music groups named are at least eight that are also listed on "The Farm" website (see below): "Le Tigre"; "Ted Leo"; "Celebration"; "DJ Mehdi"; "Sea Wolf"; "Deerhoof"; "Justice"; and "CSS."

e) The confluence of Cartoon images related to music groups sponsored by RJR and the Camel cigarette advertisements ends with a final Camel advertisement on unnumbered page 72 of the magazine, which bears the third of three Surgeon General's warnings. This page reads:

Camel – The Farm – Free Range Music

For the best new sounds, visit theFARMROCKS.com*

*Website restricted to legal age tobacco consumers.

Events age restricted, ID required.

Talent, locations and details subject to change.

16 mg. "tar", 1.3 mg. nicotine av. per cigarette by FTC method.
Actual amount may vary depending on how you smoke.
For T&N info, please visit rjrtarnic.com

Rolling Stone Magazine's media kit website describes "Impact Units" as "Rolling Stone-centric communications programs that address the specific marketing objectives of our advertisers while staying true to the magazine's editorial mission." (Ex. E, Page from *Rolling Stone Magazine* Media Kit Website, available at http://www.srds.com/mediakits/rollingstone/special_sections.html.) What results are "[v]isually stunning in-book sections, special inserts and other advertising units." (*Id.*) This webpage contains samples of past Impact Units, several of which integrate advertising and editorial content in a manner similar to the combined layout at issue here. (*See id.*)

C. RJR's "The Farm" Website

RJR has created a website for its "The Farm" promotion – www.thefarmrocks.com. Upon registration and logging in on the website, a user finds various pages that list, *inter alia*, independent music labels, artists, and upcoming and past events. (Group Ex. B, Screen Captures of "The Farm" Website.) At least eight of the artists listed in upcoming or past events spread over five cities – Austin, Chicago, Los Angeles, New York City, and Seattle – appear in the Poster: "Le Tigre"; "Ted Leo"; "Celebration"; "DJ Mehdi"; "Sea Wolf"; "Deerhoof"; "Justice"; and "CSS." (*Id.*) Scattered throughout the pages of the website are fantastic and farm-themed images similar or identical to those in the *Rolling Stone Magazine* advertisements, including: a man's tinted head in mid-shout; tinted flowers; a tractor with two jet engines attached; feathers; an upside-down antique television with rabbit-ear antennae that is made to look like an antique Polaroid camera; butterflies; a duck standing on flowers with a small bird perched on its head; a heart shape; a victrola emanating paisley-like wisps; a blindfolded, tinted man with an eagle perched on his arm and a bird on his shoe; an antique television with a bird standing next to it;

and another tractor with film reels in place of wheels. (*Id.*)

D. "The Farm" Free Promotional Concerts in Chicago

On November 21, 2007, RJR sponsored a free music concert which took place at the "Double Door" ("the November 21 Concert"), a concert venue and bar located at 1572 N. Milwaukee Ave., Chicago, Cook County, Illinois. (Ex. H, Affidavit of Jay Monteverde.) The featured music groups were "Chin Up Chin Up" and "Catfish Haven." (*Id.*) Staffpersons were checking identification to verify age at the entrance. (*Id.*) The interior of the Double Door is essentially one large room. (*Id.*) From most vantage points in the room, four to five RJR advertisements were readily visible:³

a) On one wall, a video projector displayed an animation on a large screen in which objects, animals, and characters featured in RJR's *Rolling Stone Magazine* "The Farm" advertisement and website moved across the screen, rotated, grew, and retreated. The images included a farm tractor with two jet engines attached; birds; vines and leaves; a woman's tinted head; a camel silhouette; stereo speakers; paint running down a wall; and a hand with a bird perched on it. The animation included text which displayed the "Camel – The Farm – Free Range Music" promotion logo as well as the statement "Committed to Supporting and Promoting Independent Record Labels."

b) On another wall, an oversized, hand-drawn caricature cut-out of a semi-naked man and a naked woman sat next to each other atop an awning which read: "Committed to Supporting and Promoting Independent Record Labels." This display was adjacent to a still image projection which read: "The Farm – Free Range Music."

c) On an opposing wall were a lighted advertisement for RJR's Camel No. 9 cigarettes and a still-image projection which read: "Camel – The Farm."

³ Images and videos taken at the November 21 Concert and described in a) through d) are recorded onto a CD-R which is attached hereto as Group Exhibit G.

d) Backlit over a staircase descending to the lower level was a camel silhouette standing out against a psychedelic-art background.

According to "The Farm" website, as well as the websites of the respective concert venues, two more free concerts are planned in the State of Illinois, both to occur within the next two weeks. On December 9, 2007 at the "Darkroom," located at 2210 W. Chicago Ave. in Chicago, the music groups "Oxford Collapse," "Ultra Sonic Edukators," and "Farewell Captain" will perform ("the December 9 Concert"). (Group Ex. B; Group Ex. C, Concert Schedule for Darkroom, *available at* <http://www.darkroombar.com/events.html>.) On December 13, 2007 at the "Double Door," the music groups "Russian Circles," "These Arms Are Snakes," and "Holy Roman Empire" will perform. (Group Ex. B;⁴ Group Ex. D, Concert Schedule for Double Door, *available at* <http://www.doubledoor.com/shows.php>.)

E. Attempts to Resolve the Present Issues with RJR

Following a lengthy exchange of correspondence, the Settling States, including Illinois, met with RJR, including its general counsel, on October 16, 2007 in Seattle, Washington. At that meeting, the States advised RJR of their concerns with RJR's recent marketing and advertising campaigns for Camel cigarettes, specifically including its "The Farm" campaign.

In addition, by letter dated November 21, 2007, the Attorneys General of Arizona and Washington, as Co-Chairs of the National Association of Attorneys General ("NAAG") Tobacco Committee, notified RJR of their specific concerns about the Camel advertisements in the November 15, 2007 Edition of *Rolling Stone Magazine*. (Ex. L, Nov. 21, 2007 Letter from Tobacco Committee Co-Chairs.) RJR responded by letter dated November 28, 2007. (Ex. M, Nov. 28, 2007 Response from RJR.) In that response, RJR did not mention the Cartoons in the RJR advertisements. Regarding the gatefold Poster embedded among the advertisements, RJR

⁴ Group Exhibit B erroneously lists the upcoming December 13 Concert as occurring on December 15.

agreed that “the juxtaposition of the Camel Farm advertising with the Rolling Stone gatefold was unfortunate” and expressed its “surprise[] and concern[] when the issue was published.” (*Id.*) RJR claimed it had “no advance knowledge about the content or graphic format” of the Poster, and it “expected editorial content comparable to that inside [a similarly purchased] July 12 gatefold.” (*Id.*) It also claimed the Poster “contained no content previewed, prepared by or paid for by [RJR].” (*Id.*) RJR expressed no commitment to remedy the use of Cartoons either in the RJR advertising or the Poster. (*Id.*)

Attached to RJR’s response letter was a November 21, 2007 letter from Ray Chelstowski, the publisher of *Rolling Stone Magazine*. (*Id.*) This letter erroneously stated that “the bands promoted on the Farm website are not mentioned at all in this Rolling Stone editorial piece.” (*Id.*) It also claimed that “[n]owhere on Camels (sic) four page ad play is there . . . anything that encourages readers to open the Camel ad to reveal more editorial or more content.” (*Id.*)

Thus, the People have satisfied any applicable obligation to seek to resolve any issue that may exist as to compliance with the Consent Decree by discussion with RJR. Because the People’s attempts to resolve the issues have been unsuccessful, the People must apply to this Court to enforce the Consent Decree and the MSA.

II. ARGUMENT

RJR has violated the Consent Decree and the MSA through its “The Farm” advertisements in *Rolling Stone Magazine*, on its website for “The Farm,” and at the November 21, 2007 concert. Additionally, the People have every reason to believe the upcoming December 9 Concert and December 13 Concert will involve advertising that further violates the Consent Decree and the MSA. Therefore, urgent action is required to prevent such violations.

A. RJR Has Used Cartoons in Its Advertising

As noted above, the Consent Decree and the MSA prohibit, without exception, the use of Cartoons in tobacco advertising. RJR, a signatory to both, is currently bound by this prohibition. A brief glance at RJR's advertisements for "The Farm" in *Rolling Stone Magazine* (Ex. A), on its "The Farm" website (Group Ex. B), and at the November 21 Concert (Group Ex. G) immediately show that it has used Cartoons in violation of the Consent Decree and the MSA. The whimsical music and farm-themed "depiction[s] of an object, person, animal, [or] creature" are "caricatures" in a distinctly stylized color tint, involve "comically exaggerated features," and depict various "unnatural" combinations or juxtapositioning of objects, animals, and people. (See Ex. J, MSA Sec. II(l).) Absurd images such as antique radios and televisions growing out of plant stems; a flying farm tractor with jet engines; and a disembodied hand emerging from a picture frame carried by an eagle cannot possibly fall outside the definition of Cartoon. Moreover, the larger Poster embedded in the midst of RJR's *Rolling Stone Magazine* advertisements is covered with prototypical Cartoons, equally or more cartoonish than the "Joe Camel" character RJR is prohibited from using.

B. RJR Has an Obligation to Take Commercially Reasonable Steps to Prevent Third Party Violations of the Consent Decree and the MSA

RJR claims it is not responsible for the Cartoon content or presentation of the Poster embedded among its "The Farm" advertisements because the Poster "contained no content previewed, prepared by or paid for by [RJR]." (Ex. M, Nov. 28, 2007 Response from RJR.) The evidence disproves this claim. However, even if it were true that RJR had no knowledge of the content of the Poster prior to its distribution, such ignorance is no defense. Under the MSA, RJR has an ongoing obligation to "promptly take commercially reasonable steps against" a third party engaging in advertising prohibited if done by RJR itself. (See Ex. J, MSA Sec. III(i).) Based on the breadth of the restriction on Cartoon advertising and on the circumstances present here, at a

minimum, commercially reasonable steps included an obligation to inquire into whether Cartoons would be used in the Poster.

The ban on Cartoon advertisements is uniquely broad among the various restrictions on tobacco advertising in the Consent Decree and the MSA. Certain other restrictions prohibit particular forms of advertising or promotion but also provide exceptions. For example, Brand Name promotional give-aways are generally proscribed, but an exception exists for give-aways in adult-only facilities where the items are not seen by persons outside the facility. (Ex. I, Consent Decree Sec. V.C.) By contrast, the prohibition on Cartoon advertising in the Consent Decree is absolute; no PM is permitted to use Cartoon advertising even when in an adult-only facility. (Ex. I, Consent Decree Sec. V.B.) The blanket prohibition on Cartoon advertising reflects a conclusion by the Settling States that Cartoon advertising is especially pernicious and appealing to impressionable youth. Knowing that it is entirely prohibited from using Cartoon advertising in any form, and equally prohibited from causing a third party to use Cartoons, RJR should have inquired into whether the Poster would involve Cartoons.

Further, RJR knew that its advertising would be commingled with the editorial content. Knowledge of this mere fact alone should have prompted RJR to inquire about whether the Poster would utilize Cartoons. Had RJR inquired about the Poster's content, it would have easily discovered, well in advance, that not only would its advertisements envelop the Poster, but that the Poster would itself also be split up among several advertisement pages. Moreover, upon simple inquiry, RJR would have discovered that the Poster was to be illustrated by a renown cartoonist. By failing to take any steps whatsoever to inquire whether the Poster would utilize prohibited content, RJR violated its obligations under the Consent Decree and the MSA.

C. **RJR Has Engaged in Violations of Previous Court Orders and Should Be Held in Contempt of Court**

RJR has obligations under the MSA and the Consent Decree and is aware of the terms of

said agreements and specifically what is considered prohibited activity. In spite of this knowledge, RJR has continued to use Cartoons in advertising despite the blanket prohibition of their use. RJR is flouting the Court's Order and ignoring its obligations under the MSA and the Consent Decree and as such should be held responsible for its contemptuous behavior.

RJR's use of Cartoons in its "The Farm" campaign should be considered in light of the Court's 2004 Order entered to settle the KOOL MIXX allegations. That Order required RJR in any future KOOL MIXX campaign to inform any third-party contractors in writing of the MSA's advertising, marketing, and promotional restrictions and take steps to prevent such third-parties from violating or facilitating the violation of any such restrictions. (Ex. K, KOOL MIXX Settlement Sec. III(11).) RJR apparently chose to ignore the 2004 Order when it used and caused the use of, or failed to control a third-party's use of, Cartoons in its "The Farm" advertisements in *Rolling Stone Magazine*.

Contempt is verbal or non-verbal conduct that embarrasses or obstructs the court in its administration of justice or derogates from its authority or dignity (*In re Estate of Melody*, 42 Ill.2d 451 (1969)); brings the administration of justice into disrepute (*Id.*); or constitutes disobedience of a court order or judgment (*County of Cook v. Lloyd A. Fry Roofing Co.*, 59 Ill.2d 131 (1974)). RJR's violation of the Consent Decree constitutes contempt, and this Court should issue a rule to show cause as to why RJR should not be held in contempt.

D. The People Require a Temporary Restraining Order to Prevent Future Violations by RJR

Two more free concerts are scheduled to occur in Chicago within the next two weeks (December 9 and December 13) as part of RJR's "The Farm" campaign. The People believe that the Consent Decree and MSA violations that took place at the November 21 Concert will be repeated at those events. Therefore, the People require a TRO to prevent these future violations.

"The temporary restraining order is an emergency remedy issued to maintain the status

quo until a hearing can be held on an application for a preliminary injunction. . . . [I]t is issued upon a *summary* showing of the necessity of the order to prevent immediate and irreparable harm.” *Peoples Gas Light and Coke Co. v. City of Chicago*, 117 Ill.App.3d 353, 354 (1st Dist.1983) (emphasis in original). As discussed in detail above, RJR has violated its obligations under the Consent Decree and the MSA. The violations at issue – the prohibited use of Cartoons in marketing – truly cannot be undone once they occur. If RJR is permitted to promote tobacco products through Cartoons at the upcoming December 9 Concert and December 13 Concert, the figurative bells cannot be unrung, and the harm to the People of the State is immediate and irreparable. Thus, a TRO must be issued to prevent RJR from engaging in prohibited marketing at the upcoming concerts.

IV. RELIEF REQUESTED

This Court has continuing jurisdiction to enforce the Consent Decree and MSA. (Ex. I, Consent Decree Sec. VI.A.; Ex. J, MSA Sec. VII.A.) For the reasons set forth above and in light of the upcoming December 9 Concert and December 13 Concert, the People request that this Court issue a TRO enjoining RJR from engaging in advertising or promotions that violate the Consent Decree and MSA at its upcoming December 9 and December 13 Concerts.

The People also request that this Court hold an evidentiary hearing at which it can receive evidence regarding the full extent of RJR’s violations of the Consent Decree and MSA. At the conclusion of that hearing, the People will request that this Court enter an Order finding that RJR has violated the Consent Decree and MSA, a rule to show cause why RJR should not be held in contempt, and granting the following relief:

1. Preliminarily and permanently enjoining RJR from using or causing to be used Cartoons in the advertising or promotion of its “The Farm” campaign through any media in the State of Illinois, including print publications, websites, or concerts;
2. Directing RJR to remove all remaining *Rolling Stone Magazine* 40th Anniversary issues containing the prohibited advertisements from all retail locations in Illinois and

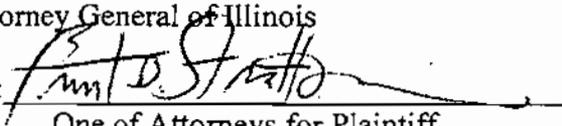
from any website accessible from within Illinois;

3. Directing RJR to take all necessary steps to ensure that any persons with whom it has contractual relations, including *Rolling Stone Magazine* or its publisher, Wenner Media LLC, its advertising agencies and any other third parties cease using and/or distributing any Cartoons to advertise or market RJR's cigarettes within the state of Illinois;
4. Directing RJR to pay a civil sanction to the State of Illinois in the amount of at least \$6.5 million, the final amount to be determined at a hearing, based on the following: (a) \$100 for each of the estimated 65,700 copies of the *Rolling Stone Magazine* 40th Anniversary issue distributed in the State; (b) \$100 for each Illinois resident registered on the "The Farm" website; and (c) \$100 per concert attendant for the impermissible use of Cartoon advertising at the November 21 Concert;
5. Directing RJR to run one full-page anti-smoking advertisement, approved by the Illinois Attorney General, in *Rolling Stone Magazine* for each "The Farm" advertisement that ran in the magazine as it was distributed in Illinois;
6. Directing RJR to pay to the American Legacy Foundation an amount equal to the cost of the "The Farm" advertising spread RJR placed in the November 15, 2007 issue of *Rolling Stone Magazine*, to be used for the purpose of implementing corrective advertising;
7. Directing RJR to pay the State of Illinois' costs and attorneys' fees pursuant to Consent Decree Sec. VI.D (Ex. I, Consent Decree Sec. VI.D.);
8. Directing RJR to comply with Consent Decree Sec. V.B. and MSA Secs. III(b) and III(i); and
9. Granting such other and further relief as the Court deems just and equitable.

Respectfully submitted,

Dated: December 4, 2007

THE STATE OF ILLINOIS by LISA MADIGAN
Attorney General of Illinois

By: 

One of Attorneys for Plaintiff

Attorney No. 99000
Brent D. Stratton
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100 W. Randolph St., 11th Floor
Chicago, Illinois 60601
312-814-4997 phone
312-814-5727 fax

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Group Exhibit D	Concert Schedule for Double Door Excerpt from “The Farm” Website Concert Details
Exhibit E	Page from <i>Rolling Stone Magazine</i> Media Kit Website
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Exhibit J	Excerpts from Master Settlement Agreement
Exhibit K	October 13, 2004 Stipulation of Settlement and Order
Exhibit L	November 21, 2007 Letter from Co-Chairs of NAAG
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Exhibit N	Joel B. Cohen, <i>Playing to Win: Marketing and Public Policy at Odds Over Joe Camel</i> , 19 J. OF PUB. POL’Y & MARKETING 155-67 (2000).
Exhibit O	<i>Rolling Stone Magazine</i> ABC Publisher’s Statement

Exhibit A

CAMEL



**SURGEON GENERAL'S WARNING: Quitting Smoking
Now Greatly Reduces Serious Risks to Your Health.**

**Website restricted to legal age tobacco consumers.*

Events age restricted, ID required. Talent, locations and details subject to change.

15 mg. "tar", 1.1 mg. nicotine av. per cigarette by FTC method. Actual amount may vary depending on how you smoke. For T&N info, please visit www.rjrt.com

INDIE ROCK UNIVERSE

an alternate dimension
where everyone wears
black Converse

International Brand
College Ruled Broad Paper
Subject Notebook

SPECIAL FOLDOUT INSIDE >>>

CAMEL

The FARM

FREE RANGE MUSIC

COMMITTED TO
SUPPORTING & PROMOTING
INDEPENDENT



SURGEON GENERAL'S WARNING: Quitting Smoking
Now Greatly Reduces Serious Risks to Your Health.

INDIE ROCK UNIVERSE

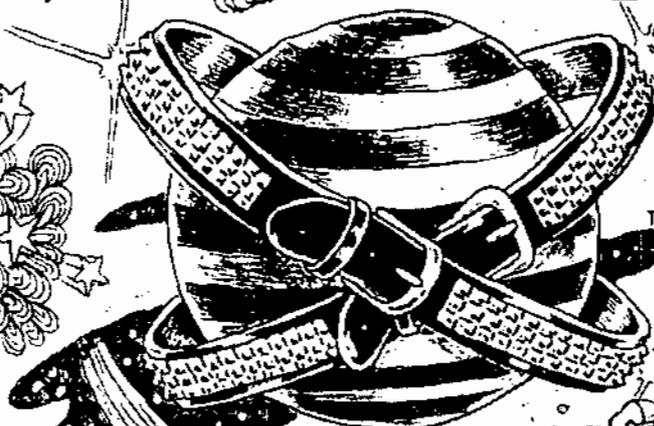
SPACE JAM

Astral travelers with
psychedelic guitars
Stephen Malkmus
My Morning Jacket
Built to Spill
Ryan Adams
Black Mountain
Comets on Fire
Dungen

ANIMAL PLANET

All creatures from around the
world and elsewhere - Laika lives!
Grizzly Bear • Band of Horses
Dr. Dog • Cat Power
Deerhoof • Octopus Project
Mountain Goats • Panda Bear
Animal Collective • The Ponys
Andrew Bird
Frog Eyes

MALL-DER



DJ PULSARS

Bents and blips from the
big mirror ball in the sky
Girl Talk • DJ Mehdi
Ellen Allien and
Apparat • Diplo
Ratatat

THE BEARDED MEN OF SPACE STATION ELEVEN

The
of aweso
Deven
tr

Brightblack M

LUPUS MAJOR

Mars ain't the kind of place to
raise your wolves
Wolf Parade • Wolf Eyes
Sea Wolf • AIDS Wolf
Guitar Wolf • Wolfmother
We Are Wolves
Peter and the Wolves



DERAAN

Like, do they have Hot Topic on other planets?
 Gym Class Heroes
 My Chemical Romance
 Fall Out Boy
 Panic! at the Disco
 The Killers • Paramore
 The Red Jumpsuit Apparatus
 Plain White T's

Pink MOON

Nick Drake's acoustic spirit shines on in the spheres
 José González • M. Ward
 Laura Veirs • Jens Lekman
 Sufjan Stevens

INTERGALACTIC EAR KILLERS

In space, no one can hear you scream
 Lightning Bolt
 Black Dice • Boris
 Pissed Jeans • Tyvek
 The Magik Markers
 Boredoms • High on Fire
 Fucked Up

OUTER SPIDERLAND

See you on the dark side of the moon
 Mogwai • Sigur Rós • David Pajo
 Godspeed You Black Emperor!
 Explosions in the Sky
 The Silver Mt. Zion
 Jesu • Low

ANGRY RED PLANET

Fight the power Against Me!
 M.I.A. • Le Tigre
 Erase Errata
 The Nightwatchman
 The USA Is a Monster
 Ted Leo • Xiu Xiu

THE BEARDED LADIES OF SPACE STATION ELEVEN

She came from Planet Claire - or maybe she's just kind of weird
 Scout Niblett • White Magic
 St. Vincent • Bat for Lashes
 Lavender Diamond
 Emily Jane White

NORTHWESTERN CANADA

The Pacific Northwest has bands like Saturn has rings
 The Decemberists
 Spoon • The Gossip
 The Shins • Minus the Bear
 The Thermals • Modest Mouse
 Death Cab for Cutie

MAST UNIVERSITY

Year in, year out, it's their coast everybody else just rocks in it
 Sonic Youth • Radiohead
 Björk • Arcade Fire
 Beck • White Stripes
 Bright Eyes • Wilco

in the sky
 Mehdi
 and
 Diplo

STATION MEN

The final frontier of awesome facial hair
 Devendra Banhart
 Iron and Wine
 Will Oldham
 Oakley Hall
 Brightblack Morning Light

place to
 If Eyes
 roll
 mother
 yes

CHAMPAGNE SUPERNOVAS

Brit-pop stars
Arctic Monkeys
Art Brut • The Cribs
Dirty Pretty Things
Babyshambles

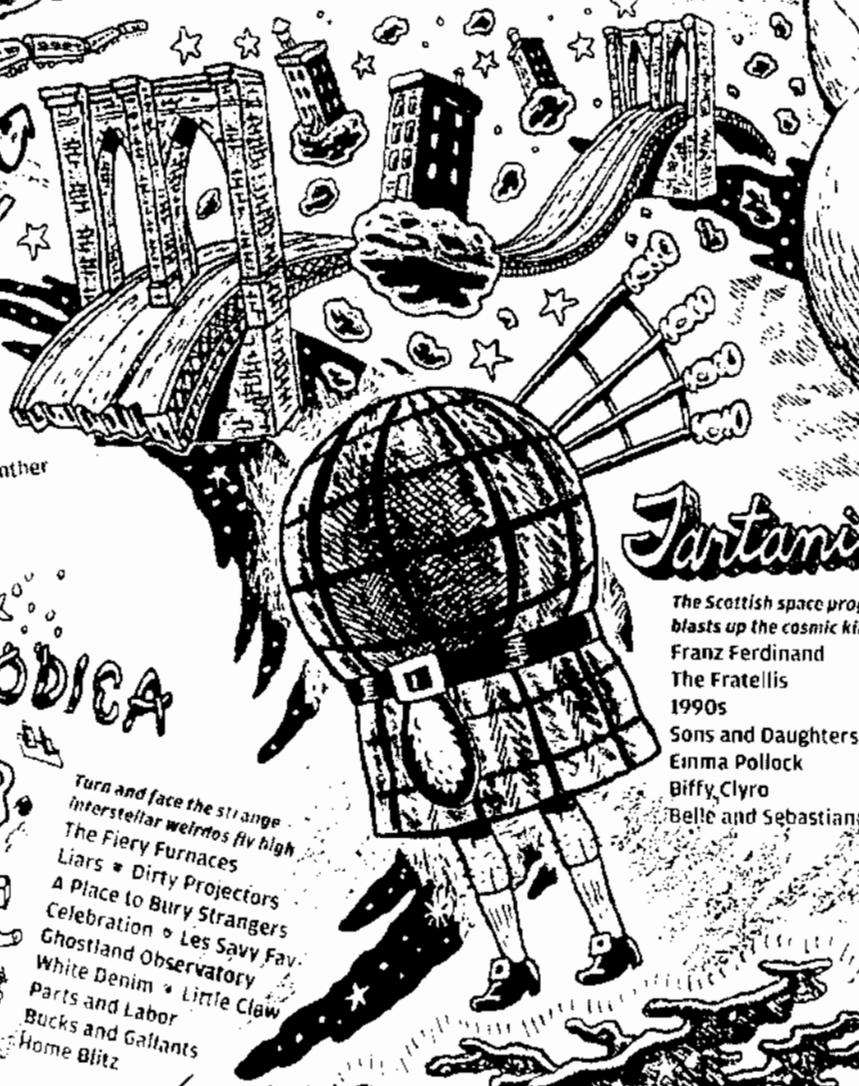
The planet of nuclear couples
Mates of State • Yo La Tengo
Dean and Britta • Handsome Furs

STAR REE



THE BROOKLYN BELTWAY

NYC has it all - mostly across the bridge
TV on the Radio
Yeah Yeah Yeahs
The Hold Steady
New Pornographers
Interpol • The Strokes
Blonde Redhead - Japanther
The Rogers Sisters
The National



Tartan

The Scottish space prog blasts up the cosmic kilt
Franz Ferdinand
The Fratellis
1990s
Sons and Daughters
Enma Pollock
Biffy Clyro
Belle and Sebastian

SPAZMODICA

Turn and face the strange interstellar weirdos fly high
The Fiery Furnaces
Liars • Dirty Projectors
A Place to Bury Strangers
Celebration • Les Savy Fav
Ghostland Observatory
White Denim • Little Claw
Parts and Labor
Bucks and Gallants
Home Blitz

ERS OF THE RSI

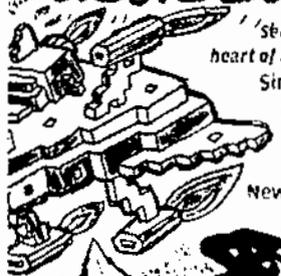


UNIDENTIFIED FLYING OBJECT
Joanna Newsom



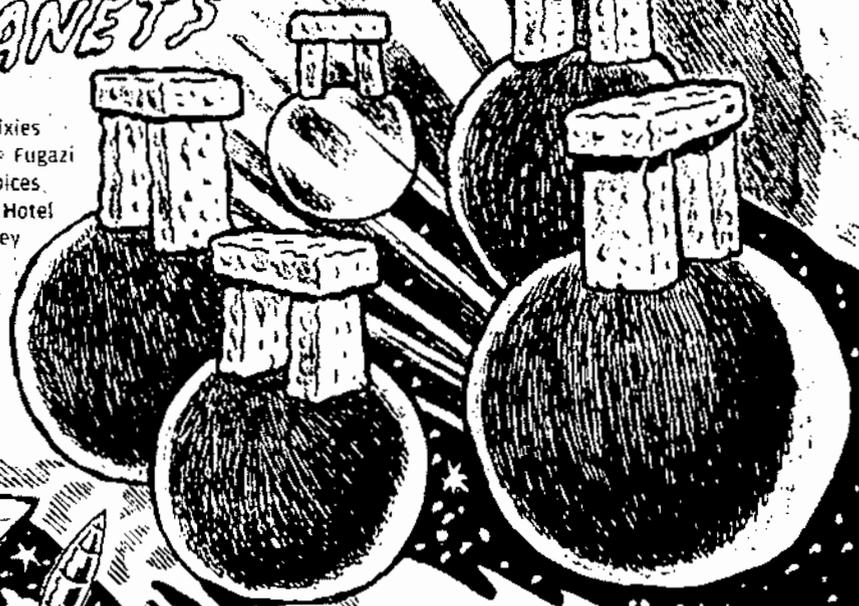
STARSHIP AEROBICIZE

Set the controls for the heart of the solar dance floor
 Sinian Mobile Disco
 Klaxons • Justice
 Daft Punk
 Shitdisco
 New Young Pony Club
 Hot Chip



ANCESTRAL PLANETS

The big bangs
 Nirvana • Pixies
 The Smiths • Fugazi
 Guided by Voices
 Neutral Milk Hotel
 Sleater-Kinney
 Joy Division
 Pavement
 Hüsker Dü
 PJ Harvey
 The Cure



Planet Twice LOST IN BASS

The outer limits of alien preciousness
 Vampire Weekend
 Of Montreal
 The Go! Team
 CocoRosie • Feist
 Architecture in Helsinki
 Antony and the Johnsons



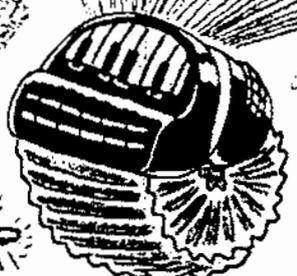
Galactic funk, looking for the mothership connection
 LCD Soundsystem
 Prinzhorn Dance School
 The Rapture • CSS
 Bonde do Rolê • !!!

Tanica

ottish space program
 up the cosmic kilt
 Ferdinand
 satellis

and Daughters
 Pollock
 Clyro
 and Sebastian

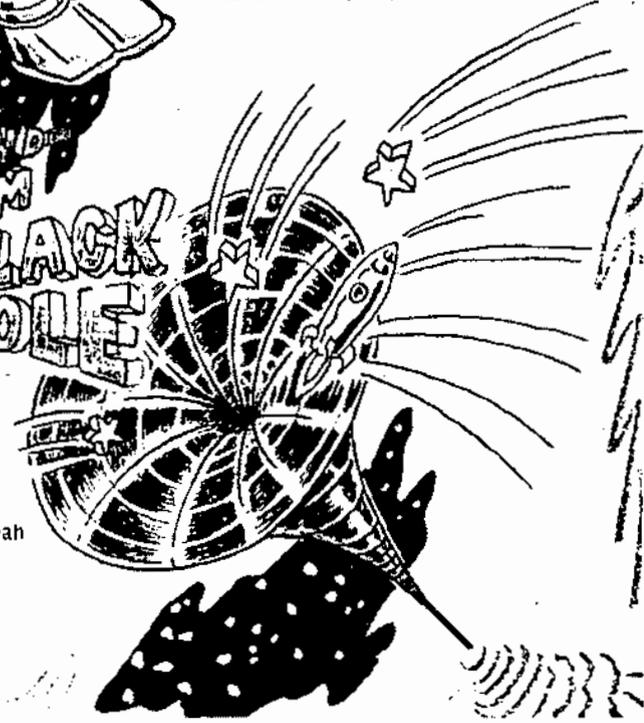
EAST ACCORDIONICA



Mama's not the only one who's got a squeezebox
 Beirut • DeVotchKa
 Gogol Bordello
 The World/Inferno
 Friendship Society

SECOND ALBUM BLACK MOLE

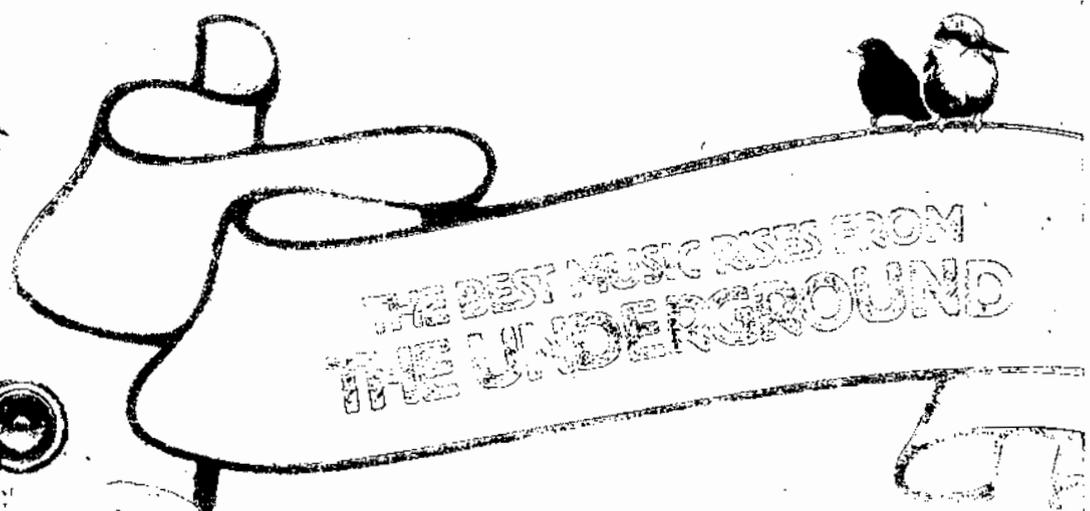
The first cut is the deepest - but better luck next time
 Bloc Party
 Kaiser Chiefs
 The Thrills • The Stills
 The Futureheads
 Clap Your Hands Say Yeah



AMBIENT PART CLOUD

Synthesized space dust, in tune with the celestial hum
 Matmos • Múm
 Fields • Psapp
 Boards of Canada
 Junior Boys

RECORD LABELS



THE BEST MUSIC RISES FROM
THE UNDERGROUND

The world of independent music is constantly changing. New styles and sounds emerge daily. That's why we're bringing you The FREQ. A collaboration between Camel and independent artists and record labels. We cut our way of supporting these innovators as they rise up to bring their sounds to the surface. We give them more opportunities to be heard through online music and country events across the nation.

Visit www.FREQS.com
For shows, local bands and more!



Website restricted to legal age tobacco consumers.

CAMEL

The
FARM
FREE RANGE MUSIC

FOR THE BEST NEW SOUNDS,
VISIT **THEFARMROCKS.COM**

SURGEON GENERAL'S WARNING: Quitting Smoking
Now Greatly Reduces Serious Risks to Your Health.

*Website restricted to legal age tobacco consumers.

Events age restricted, ID required.
Talent, locations and details subject to change.

16 mg. "tar", 1.3 mg. nicotine av. per cigarette by FTC method.
Actual amount may vary depending on how you smoke.
For T&N info, please visit www.rjrtarnic.com

CAMEL

THE **FARM**

FREE RANGE MUSIC

COOL

ROCK

UNDERGROUND

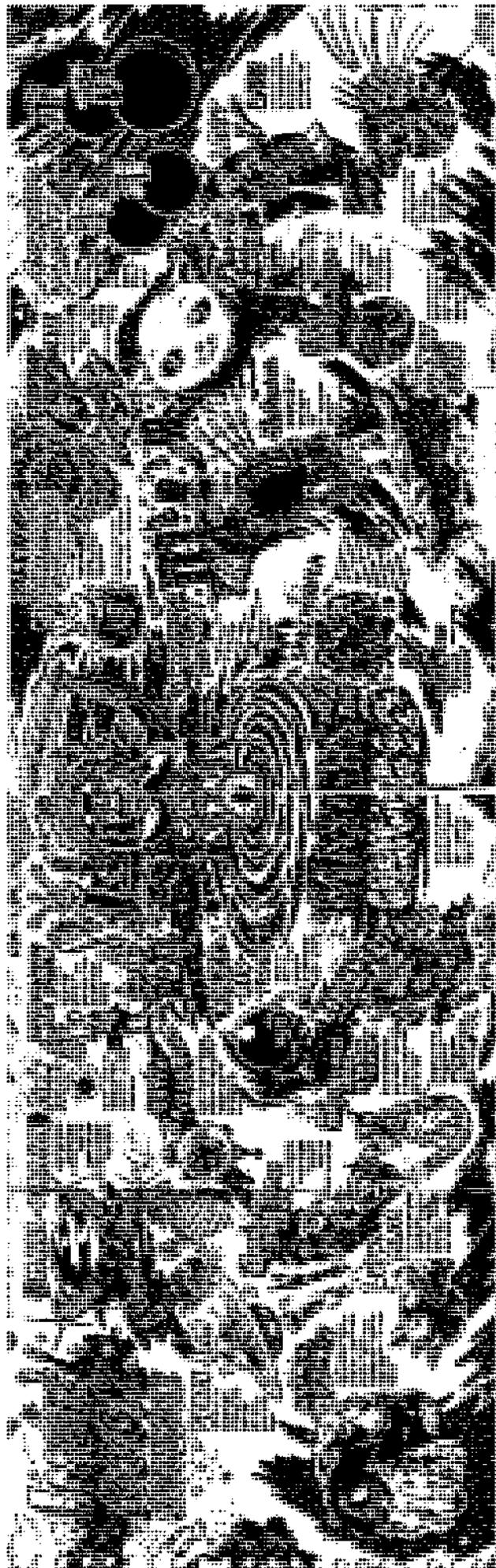
THE BEST MUSIC RISES FROM
THE UNDERGROUND

THE BEST OF THE UNDERGROUND MUSIC SCENE IS NOW AVAILABLE IN ONE PLACE. THE UNDERGROUND MUSIC COLLECTION IS THE ONLY COLLECTION OF UNDERGROUND MUSIC AVAILABLE IN ONE PLACE. THE UNDERGROUND MUSIC COLLECTION IS THE ONLY COLLECTION OF UNDERGROUND MUSIC AVAILABLE IN ONE PLACE.

ROCK ON!

SURGEON GENERAL'S WARNING: Quitting Smoking Now Greatly Reduces Serious Risks to Your Health.

*We've relaxed to legal age tobacco company's



CAMEL

FARM

FREE RANGE MUSIC



FOR THE BEST NEW SOUNDS,
VISIT THE FARMROCKS.COM

**SURGEON GENERAL'S WARNING: Quitting Smoking
Now Greatly Reduces Serious Risks to Your Health.**

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Group Exhibit B

CAMELSMOKES.COM | MY PROFILE | TAR & NICOTINE | FAQS | EXIT

SURGEON GENERAL'S WARNING: Quitting Smoking Now Greatly Reduces Serious Risks to Your Health.



**GOULDSBERRY EVENTS MEET THE STAFF
TARDIS ARTISTS RADIO BOOTLEGS!**



GET INVOLVED
Get involved with Free Range Music. Come along to the events, support your independent artists, or get busy doing some DIY. There's so much to do on The Farm.

UPCOMING EVENTS

December 7, 2007
Beerland
Bad Times, Blow Tops,
Tunnel of Love, The
Barbaras
Read More

December 15, 2007
Emo's
The Walkmen, These Arms
Are Snakes, Russian
Circles, Zyxos, Fire vs.
Extinguisher, Horse +
Donkey
Read More

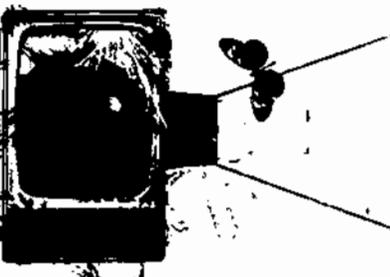
PAST EVENTS

November 4, 2007
Mozhawk
What Made Myrales
Famous, Cove Singers,
Celebration, Dragons of
Zyrth, Localy, DJ Ted
Leo
Read More

October 24, 2007
Mozhawk
Earl Greyhound, Alright
Tonight, Ten Benson
Read More

October 19, 2007
Emo's
Figurines, Deppled
Claus, Zyxos
Read More

September 26, 2007
Emo's



R.J. Reynolds Tobacco Company only markets its tobacco products to legal age tobacco consumers. In order to be eligible to receive mailings from us, you must certify that you are a legal age tobacco consumer and want information and promotions concerning our products. We will also verify that you are of legal age to use tobacco products.

RJRT | MySmokerRights | Site Requirements | Age Filtering Software | User Agreement | Protecting Your Privacy

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OUTDOOR EVENTS MEET THE STAFF LABELS ARTISTS RADIO BOOTLEGS!

FRESH-PICKED LINKS

LIVE MUSIC VENUES
BARS/LOUNGES
BOUTIQUES Clothing
BOUTIQUES Books + Music + DVD + Other
DESIGNERS Fashion
DESIGNERS Product
DESIGNERS Graphic and Illustration

INTERVIEWS

Brian Parker
Founder / Editor-in-Chief of UrbanPollution.com
combines art, literature, music and film into one awesome website. Find out what inspires Brian

DIY

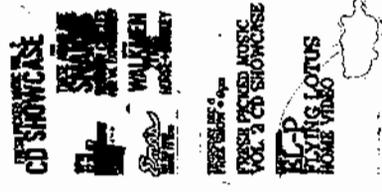
DIY Dust Tape Wallet
Nothing says individual, economical, and conversational like the made-it-myself duct tape wallet.
Read More

DIY Simple Home Photo Studio
Read More

GALLERY

Alexandre Duret-Lutz
Photographer
Paris, France
Read More

Daniel St. George
Painter
Brooklyn, NY
Read More



R.J. Reynolds Tobacco Company only markets its tobacco products to legal age tobacco consumers. In order to be eligible to receive mailings from us, you must certify that you are a legal age tobacco consumer and want information and promotions concerning our products. We will also verify that you are of legal age to use tobacco products.

RJRT | MySmokersRights | Site Requirements | Age Filtrating Software | User Agreement | Protecting Your Privacy

CAMEL SMOKES.COM | MY PROFILE | TAR & NICOTINE | FAQS | EXIT

SURGIN GENERAL'S WARDENS: Ditching Smoking Now Greatly Reduces Serious Risks to Your Health



CONCERTS EVENTS MEET THE STAFF LABELS ARTISTS RADIO BOOTLEGS

MEET THE STAFF



Christian Ambrose, Los

Brian Grabner, Chicago
Chicago has been churning out the best independent music around for quite some time and shows no signs of slowing down... and it would be a sad day for Brian Grabner if it ever did. A Ken Jennings of all things indie (film, music, and beyond), Brian's wealth of knowledge is only matched by his active role in a scene he loves so much.

"I love Rock n Roll Getting packages of CDs in the mail make me jump with joy every time. The chance to work with bands and labels that I have admired for years is also unbelievable to me. Plus, the opportunity to see every show possible is just too much!"

GET INVOLVED

Get involved with Free Range Music. Come along to the events, support your independent artists, or get busy doing some DIY. There's so much to do on The Farm.



R.J. Reynolds Tobacco Company only markets its tobacco products to legal age tobacco consumers. In order to be eligible to receive mailings from us, you must certify that you are a legal age tobacco consumer and want information and promotions concerning our products. We will also verify that you are of legal age to use tobacco products.

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GOULDSBORO EVENTS MEET THE STAFF LABELS ARTISTS RADIO BOOTLEGS!

LABELS@LOVE

Anodyne Records

Anodyne Records was founded in 1967 in Kankakee City, MO by John Huston. Wasting no time, the label marked its coming out with the release of the now anonymous live "Making Love..."

[Read More](#)

Arclight Records

Arclight Records is a small independent record label based out of Austin, TX. Arclight's agenda is to release records that we love, to have our artists heard by those who would typically...

[Read More](#)

FREE RANGE MUSIC VOL. 2 CD SHOWCASE

SUPPLYING LOTUS HOME VIDEO



ARCLIGHT RECORDS



R.J. Reynolds Tobacco Company only markets its tobacco products to legal age tobacco consumers. In order to be eligible to receive mailings from us, you must certify that you are a legal age tobacco consumer and want information and promotions concerning our products. We will also verify that you are of legal age to use tobacco products.

RJRT | MySmokersRights | Site Requirements | Age Filtering Software | User Agreement | Protecting Your Privacy

CAMELSMOKES.COM | MY PROFILE | TAR & NICOTINE | FAGS | EXIT

SURJON GENERAL'S WARNING: Quitting Smoking Now Greatly Reduces Serious Risks to Your Health.



EVENTS MEET THE STAFF
 LABELS ARTISTS RADIO BOOTLEGS |

GET INVOLVED

Get involved with Free Range Music. Come along to the events, support your independent artists, or get busy doing some DIY. There's so much to do on The Farm.

1090 CLUB

1090 Club

With the nearest major metropolitan area ten hours away in any direction, Ellings, MT, may not seem to be the most ideal or likely hometown for a respected up-and-coming indie rock act like the...

[Read More](#)

Ahab Rex

Fresh on the heels of The Queen of Sortcore ep, Ahab Rex delivers Blood on Blonde - a diverse collection of raw and energetic rock songs. Hard yet lyrical, the music is sometimes caustic but...

[Read More](#)

Airie!

Many bands today are an exercise in minimalism, stripping everything down to the bone and snare. Airie! takes a different...



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[RJRT | MySmokersRights](#) | [Site Requirements](#) | [Age Filtering Software](#) | [User Agreement](#) | [Protecting Your Privacy](#)

Tar & Nicotine - Close



SUREDN GENERAL'S WARDONE: DURING SMOKING
Now Suredn Reduces Serious Risks to Your Health

FREQUENTLY ASKED QUESTIONS



Thanks for your interest! To save you time, we've put together a list of Frequently Asked Questions. Please make your selection from the categories below. If you still cannot find the answer you are looking for, click on "Contact Us" at the bottom of this page.

[PRODUCT / PROMOTIONAL QUESTIONS](#)

[LOG-IN / SIGN-UP QUESTIONS](#)

[WEBSITE / TECHNICAL ISSUES](#)

If you didn't find the answer you're looking for, please don't hesitate to contact us by clicking here: [CONTACT US](#).

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Group Exhibit C



Every Tuesday

Thunder Gong Video/Sound System: Reggae

Chicago's longest running reggae night at darkroom every week with resident DJs Red Lox and General Pacman. No Cover. Doors at 9pm. \$3 Red Stripe and Heineken.

Wednesday October 31st, 2007: Live Music

Analog Playground

HOSTED BY JayToo Featuring Treologic, DJ Chief Rock, and many special guests. Live Music...

NO CD performances!

No Cover. Doors at 9pm. Visit www.myspace.com/analogplayground for more info.

For advance tickets visit indietickets.com

Thursday November 1st, 2007: Live Music

Equalizer presented by darkroom, KEXP.ORG, 312unes.com and The Chicago Reader

Big Lazy/The Ladies & Gentlemen/The Icicles/Casper & The Cookies/DJ Johnny Kesh/DJ Mikey Dance Panther

\$7 Cover. Doors at 8pm. \$2.50 Goose Island 312 bottles.

Friday November 2nd, 2007 (every 1st Friday)

Life During Wartime Dance Party

LDW DJs Bald Eagle and Mother Hubbard are increasing political awareness and dancing consciousness with electro, 80s, indie rock, hip hop, brit pop, punk and new wave beats with very special guests DJs Johnsonville and Lucas Walters of Sweatshop Labor (NYC).

\$3 Newcastle and \$4 WMD shots. \$5 Cover after 11pm. Doors at 9pm. For more info visit www.lifeduringwartime.net

Saturday November 3rd, 2007 (Every 1st Saturday)

Tidal Wave: Reggae

'Nuff fresh tunes and fresh dub plates for the night. Selector Slacky J (88.7 fm) and guests are going to dig down in the crate for the most conscious, dancehall vibes. Well, if you have never been to the Tidal Wave series, this is your time to make it. Total niceness is guaranteed as usual. \$8 Cover.

Doors at 9pm. For more info visit www.reggaenice.com

Sunday November 4th, 2007: Live Music**Mr. Fuckhead presents Two Slaps Radio One Year Anniversary**

JC Brooks and The Uptown Sound/Harlet Star/Marvin Tate/The Revelettes/DJ Arvo Fingers/DJ Eric Lab Rat

\$7 cover. Doors at 7pm. For advance tickets visit indietickets.com

Wednesday November 7th, 2007 (Every 1st Wednesday): Live Music**Chicago Vs. Detroit**

DJ's TREW, Mass Transit start off the month with a laid back, hump day extravaganza spinning the best in Funk, Rare Groove, Soul, Breaks, and Hip-hop all night long with special guests Othello, Treologic, Jackson of Now On, and Buffl. Doors at 9pm. \$8 cover. For advance tickets visit indietickets.com

Thursday November 8th, 2007: Live Music**Rewind/Fast Forward**

Live music with Echonine performing 80's covers as well as new album material with DJs Jesse De La Pena, Eddie Riot, Boztitch, Victor Lua and hosted by Mr. Gil & Peaches.

\$7 cover. Doors at 9pm. For advance tickets visit indietickets.com

Friday November 9th, 2007: Live Music

Omegha Watts/Yea Big and Kid Static/Royce/DJ Trew/DJ Onccamonth

\$10 cover. Doors at 9pm. For advance tickets visit indietickets.com

Saturday November 10th, 2007 (Every 2nd Saturday)**Sunny Side Up: Downtempo, Afrobeat, House**

Celebrate Joy, Love, and Good Vibrations with this residency on the second Saturday of every month featuring an eclectic mix of Downtempo, future boogie, afrobeat, latin grooves, Brazilian beats, African variety and house with resident DJ 4BZ and Mwelwa with special guests DJ David Pardo and DJ Monna. Hosted by Mwelwa - the man pushing for a brighter day! \$5 Cover. 9pm-2am. Great bar prices.

Sunday November 11th, 2007: Live Music**WTII Records presents**

Null Device/The Dark Clan/Beta Virus

\$7 cover. Doors at 7pm. For advance tickets visit indietickets.com

Wednesday November 14th, 2007: (every 2nd Wednesday)**Gogo Nuts music presents Drops**

Resident DJ Gogo with special guests DJ Chickengeorge, Jessed De la, and Del Mar.

No Cover. Doors at 9pm.

Thursday November 15th, 2007: Live Music

THURSDAY NOVEMBER 15th, 2007: LIVE MUSIC

Gypsy Sound System/Black Bear Combo/Lamajama/DJ Gitana Angela
\$7 cover. Doors at 8pm. For advance tickets visit indietickets.com.

Friday November 16th, 2007**The Beta Theta present**

Resident DJs Brock with special guests.
\$5 cover. Doors at 9pm.

Saturday November 17th, 2007 (Every 3rd Saturday)**White Label Sessions: House**

Resident DJ Lego spins every third Saturday of the month, sponsored by BPM magazine.
\$5 Cover after 11pm. Doors at 9pm.

Sunday November 18th, 2007: Live Music**Garo/Lokua/Slava/Shannon Fortune**

\$5 cover. Doors at 9pm. For advanced tickets visit indietickets.com

Wednesday November 21st, 2007: Special Event**Sang presents The Lessons**

Featuring DJ NUMark and the Comeups DJs Intel & Pickel with live art by Jose Garibaldi & Revise
\$10 before 11pm, \$12 after. Doors at 9pm. For advanced tickets visit indietickets.com

Thursday November 22nd, 2007**Closed for Thanksgiving****Friday November 23rd, 2007: Special Event/Live Music****Cold Grums and Rawk! Magazine presents**

The Rub featuring DJ Ayres and DJ Eleven (Brooklyn), The Comeups featuring DJ Intel and DJ Pickel (Chicago), Willy Joy of Fly By Night, and a special live performance by the host of the night Vyle.

Doors at 9pm. \$11 cover. For advanced tickets visit indietickets.com

Saturday November 24th, 2007 (every last Saturday)**Return to the 80's**

Resident DJ Jesse De La Pena and special guest DJ Major Taylor spin a 4 turntable set all night long.
Costume contest with prizes and other giveaways.

\$8 cover. Doors at 9pm.

Sunday November 25th, 2007: Live Music

TBA

No Cover. Doors at 7pm.

Wednesday November 28th, 2007: Live Music**Analog Playground**

HOSTED BY JayToo Featuring Treologic, DJ Chief Rock, and many special guests. Live Music

HOSTED BY DJ TRO featuring MC Logic, DJ SHER ROCK, and many special guests. LIVE MUSIC!
 NO CD performances!
 No Cover. Doors at 9pm. Visit www.myspace.com/analogplayground for more info.

Thursday November 29th, 2007: Live Music

Boneshaker presents

Apteka/The Blakes/Hot as Hell

\$8 cover. Doors at 8pm.

Friday November 30th, 2007: (every last Friday)

PANIC!: Britpop, New Wave, Classic Alternative

Resident DJs Pogo and Arturo spin their brand of classic and contemporary indie, Britpop, nu-wave, and classic alternative. \$5 after 11pm. Doors at 9pm.

Saturday December 1st, 2007

Tidal Wave: Reggae

'Nuff fresh tunes and fresh dub plates for the night. Selector Slacky J (88.7 fm) and guests are going to dig down in the crate for the most conscious, dancehall vibes. Well, if you have never been to the Tidal Wave series, this is your time to make it. Total niceness is guaranteed as usual. \$8 Cover.

Doors at 9pm. For more info visit www.reggaenice.com

Sunday December 2nd, 2007: Live Music

WTII Records present

DJ? Acucrack/Bounte/Sean from Cyanotic

\$7 cover. Doors at 7pm. For advance tickets visit indietickets.com

Wednesday December 5th, 2007

Groundlift magazine presents Slide

Resident DJs Trew and Mass Transit with special guests Jesse De La Pena and Pickel.

No Cover. Doors at 9pm.

Thursday December 6th, 2007: Live Music

Equalizer presented by darkroom, KEXP.ORG, 312unes.com and The Chicago Reader

Bang! Bang!/Arks/Walking Bicycles/DJ Johnny Kesh/DJ Mikey Dance Panther

\$7 cover. Doors at 8pm. \$2.50 Goose Island 312 bottles. For advance tickets visit indietickets.com

Friday December 7th, 2007

Life During Wartime Dance Party

LDW DJs Bald Eagle and Mother Hubbard are increasing political awareness and dancing consciousness with electro, 80s, indie rock, hip hop, brit pop, punk and new wave beats with very special guest Eamon Harkin (NYC).

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Sunny Side Up: Downtempo, Afrobeat, House

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.....

Sunday December 9th, 2007: Live Music/Free Show

Oxford Collapse/Farewell Captain/Ultra Sonic Edukators/DJ Johnny Kesh/Arcadius DJ Darren
No Cover. Doors at 7pm.

Wednesday December 12th, 2007

Gogo Nuts music presents

Resident DJ Gogo with special guests Inbum, KC, and Moonstar spinning Disco and House.
No Cover. Doors at 9pm.

Thursday December 13th, 2007: Live Music

Algernon (CD Release)/Moxie Motive/Cookies & Dirt
\$7 cover. Doors at 8pm. For advance tickets visit indietickets.com.

SURGEON GENERAL'S WARNING: Quitting Smoking Now Greatly Reduces Serious Risks to Your Health.



CULTURE EVENTS MEET THE STAFF LABELS ARTISTS RADIO BOOTLEGS

ROCK BY NIGHTS

December 9, 2007
 Darkroom
 2210 W Chicago Ave
 Chicago, IL 60622

Oxford Collapse, Ultra Sonic Edukators, Farewell Captain
 9 PM-2AM
 21+
 No cover

Setting off December's residency at Darkroom, The FARM is bringing out the best in powerpop, alternative and just plain good music. Get ready for Oxford Collapse, Ultra Sonic Edukators and Farewell Captain!

Kicking off the night is Farewell Captain. Mellowed out rock with a touch of alt-country, it's a toe-tapping start from a solid Chicago band.

GET INVOLVED

Get involved with Free Range Music. Come along to the events, support your independent artists or get busy doing some DIY. There's so much to do on The Farm.



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PJRT | MySmokersRights | Site Requirements | Age Filtering Software | User Agreement | Protecting Your Privacy

Group Exhibit D

Double Door

SHOWS • DIRECTIONS • BOOKING • CONTACT • LINKS • PARTIES • HISTORY

RECORDING &
REHEARSAL SERVICES

1572 N. Milwaukee • Chicago, IL • 60622 • (773)-489-3160

ON SALE THIS SATURDAY

December 1

CONCERT CALENDAR

UPCOMING SHOWS



**JOELLE'S BIRTHDAY
BASH!**
DJ HEY CHAMP
Mon, Dec. 3
Doors 8pm • Show 8pm
FREE SHOW!



HALFWAYNORTH

Mon, Dec. 10
Doors 8pm • Show 9pm
\$3



POI DOG PONDERING

Mon, Dec. 31
Doors 9pm • Show 10pm
\$60



Wednesday Nov. 28 • Doors 8pm Show
9pm • \$5

The Minneapolis Henrys
InchWORM
For All The Sweet Children
Mike Musikantow
(of Sleeper Car)

**ROCK PASS
SHOW**

\$2 OFF WITH ROCKPASS

Buy Tickets



THE MINNEAPOLIS HENRYS



INCHWORM



**FOR ALL THE SWEET
CHILDREN**

Thursday Nov. 29 • Doors 8pm Show 9pm •
\$7

Girl Activity
Egnaro
The Reptoids
72 Hours

**ROCK PASS
SHOW**

\$2 OFF WITH ROCKPASS

Buy Tickets



GIRL ACTIVITY

DON RUSSIAN
THE GOSTATION
Tues, Jan. 8
Doors 8pm • Show 9pm
\$5



SUPER AMERICAN
HAPPY FUN GOOD TIME
JAM BAND
THE NEW FUSE
Fri, Jan. 11
Doors 8pm • Show 9pm
\$10



BERTO RAMON
Fri, Feb. 1
Doors 8pm • Show 9pm
\$8 adv. / \$10 dos.



Click here to find out about free and discount admission to select shows and drink specials!

Friday Nov. 30 • Doors 8pm Show 9pm • \$5

Nerve Damage
Signal
Early April
Heavy The Fall

ROCK PASS
SHOW

\$2 OFF WITH ROCK PASS

Buy Tickets

Saturday Dec. 1 • Doors 8pm Show 9pm •
\$10 adv. / \$12 dos.

Elemy Presents...
Winter Glam Gala...

? And The Mysterians
Semi Precious Weapons
The Sonnetts
The Bon Mots

Buy Tickets

Monday Dec. 3 • Doors 8pm Show 8pm •
FREE SHOW!

Dirtroom Show...
Joelle's Birthday Bash!
DJ Hey Champ
DJ Schnitzel
DJ Pickle

Buy Tickets

Tuesday Dec. 4 • Doors 8pm Show 9pm • \$8



EGNARO



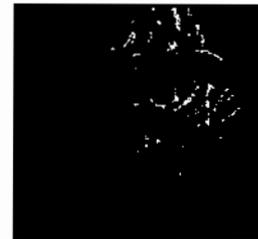
NERVE DAMAGE



? AND THE MYSTERIANS



SEMI PRECIOUS WEAPONS



JOELLE'S BIRTHDAY BASH!



Click Here for the
Double Door
WEB STORE



Click Here for the
Double Door
WEB STORE

Join the Double Door mailing list and register to win a free party!



Nightmare B4 Xmas Tour with...
Dies Mali
Machina
Simplistic Urge
Bellevue Suite

ROCK PASS SHOW
\$2 OFF WITH ROCK PASS

Buy Tickets

Wednesday Dec. 5 • Doors 8pm Show 9pm • \$5

7th Vial
On The Front
Manuqaqtare

ROCK PASS SHOW
\$2 OFF WITH ROCKPASS

Buy Tickets

Friday Dec. 7 • Doors 8pm Show 9pm • \$10

XXXMas Fiestivismo VII...
Elvis
With A Gun
Imperial Battlesnake
Antioch Secret Society
Virgil
Knife of Simpson
Jesus H Christ & Santa Zombie

ROCK PASS SHOW
\$2 OFF WITH ROCK PASS



DIES MALI



MACHINA



7TH VIAL



ON THE FRONT



ELFVIS

HALF OFF ADMISSION WITH A CANNED GOOD

Buy Tickets

Saturday Dec. 8 • Doors 8pm Show 9pm • \$10

**Eric Hutchinson
Ha Ha Tonka**

Buy Tickets



ERIC HUTCHINSON



HA HA TONKA

Sunday Dec. 9 • Doors 7pm Show 8pm • \$18

Heeb Magazine Presents...
The "Putting The Ha! Back In Hannukah" Tour...

**Good For The Jews
Hannibal Burress**

Buy Tickets



GOOD FOR THE JEWS

Monday Dec. 10 • Doors 8pm Show 9pm • \$3

Dirtroom Show...

Halfwaynorth

Buy Tickets



HALFWAYNORTH

Tuesday Dec. 11 • Doors 8pm Show 9pm • \$20

The Lemonheads

(Featuring Bill Stevenson, Karl Alvarez (The Descendants) & Evan Dando)

**Racoon
The New Rivals**



THE LEMONHEADS

Welcome to the Lemonheads 2007 Winter Tour featuring Bill Stevenson (drums) and Karl Alvarez of the Descendants (Bass) and of course Evan Dando (guitar and vocals)

Buy Tickets

Wednesday Dec. 12 • Doors 8pm Show 9pm • \$20

The Lemonheads

(Featuring Bill Stevenson, Karl Alvarez (The Descendants) & Evan Dando)

Racoon

The New Rivals

Welcome to the Lemonheads 2007 Winter Tour featuring Bill Stevenson (drums) and Karl Alvarez of the Descendants (Bass) and of course Evan Dando (guitar and vocals)



THE LEMONHEADS

Buy Tickets

Thursday Dec. 13 • Doors 8pm Show 9pm • FREE SHOW!

Russian Circles

These Arms Are Snakes

Holy Roman Empire



RUSSIAN CIRCLES

Buy Tickets

Friday Dec. 14 • Doors 8pm Show 9pm • \$8

The Slingerland Ride

Kevin Flynn & The Avondale

Ramblers



THE SLINGERLAND RIDE

ROCK PASS SHOW

\$2 OFF WITH ROCK PASS

Buy Tickets



KEVIN FLYNN & THE AVONDALE RAMBLERS

Saturday Dec. 15 • Doors 8pm Show 9pm • \$20

Jam Productions Presents...

The Verve Pipe

Michael McDermott

Ryan Powers



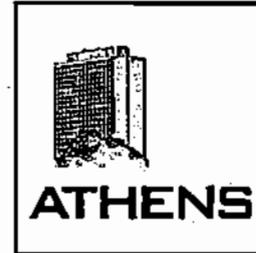
Buy Tickets

THE VERVE PIPE

Tuesday Dec. 18 • Doors 8pm Show 9pm • \$5

Athens
Color Radio
Carrie Biell
Arwin

Buy Tickets



ATHENS



COLOR RADIO



CARRIE BIELL

Wednesday Dec. 19 • Doors 8pm Show 9pm • \$7

President Bomb
Sound Corp

**ROCK PASS
SHOW**

\$2 OFF WITH ROCK PASS

Buy Tickets



PRESIDENT BOMB

Thursday Dec. 20 • Doors 8pm Show 8:30pm • \$8

Hype Promotions Presents...

The Steepwater Band
Javelinas
A Bullet Called Life
Troy Leif

Buy Tickets

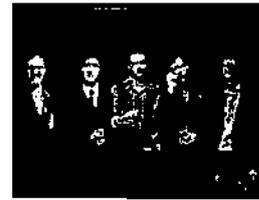


THE STEEPWATER BAND

Thursday Dec. 27 • Doors 8pm Show 9pm • \$8

Insignificant Records Presents...

The Quilts
The Dirty Blue
How Far To Austin
Seth Bradley Band



THE QUILTS

ROCK PASS SHOW

\$3 OFF WITH ROCK PASS

Buy Tickets

Friday Dec. 28 • Doors 8pm Show 9pm • \$7

Molehill
Munroe
000-00-0000
Inn Cinema



MOLEHILL

ROCK PASS SHOW

\$2 OFF WITH ROCKPASS

Buy Tickets

Saturday Dec. 29 • Doors 9pm Show 10pm •
\$10 adv. / \$12 dos.

Shoeshine Boy Productions Presents...

Soulfix
(EP Release)
Air This Side of Caution
Heart Set Self Destruct



SOULFIX

Buy Tickets

Monday Dec. 31 • Doors 9pm Show 10pm •
\$60

93XRT Welcomes...
New Year's Eve...

Poi Dog Pondering



POI DOG PONDERING

Ticket price includes hosted bar.

Buy Tickets

Thursday Jan. 3 • Doors 8pm Show 9pm • \$5

Torso
Sacrament of the Sick
Malas
Den of Vipers

**ROCK PASS
SHOW**

\$2 OFF WITH ROCKPASS

Buy Tickets

Saturday Jan. 5 • Doors 8pm Show 9pm • \$6

**The Euphoric
Hungry Onion
Triple Switch**

Buy Tickets

Tuesday Jan. 8 • Doors 8pm Show 9pm • \$5

**Don Russian
The Gostation**

**ROCK PASS
SHOW**

\$2 OFF WITH ROCK PASS

Buy Tickets

Friday Jan. 11 • Doors 8pm Show 9pm • \$7

**The SMU Band
John Wasem Band
The New Fuse**

Buy Tickets

Friday Jan. 11 • Doors 8pm Show 9pm • \$10

**Super American Happy Fun
Good Time Jam Band
The New Fuse**

Buy Tickets



TORSO



THE EUPHORIC



DON RUSSIAN



THE SMU BAND



SUPER AMERICAN HAPPY
FUN GOOD TIME JAM BAND

Saturday Jan. 12 • Doors 8pm Show 9pm • \$13

R.I.P. Records Presents...

Deceased
Disinter
Dead For Days
Half Gorilla



DECEASED

Buy Tickets

Friday Feb. 1 • Doors 8pm Show 9pm • \$8
adv. / \$10 dos.

Berto Ramon



BERTO RAMON

Buy Tickets

Tuesday Feb. 5 • Doors 8pm Show 9pm • \$20

Tim Finn



TIM FINN

Buy Tickets

Friday Feb. 8 • Doors 7:30pm Show 8:30pm • \$15

Will Hoge
Jason Isbell
Dawn Landes



WILL HOGE

Buy Tickets



JASON ISBELL

Saturday Feb. 9 • Doors 8pm Show 9pm • \$20

Vast

Buy Tickets



VAST

Thursday Feb. 21 • Doors 8pm Show 9pm • \$12

**The Dirtbombs
Lee Marvin's Computer Arm**

Buy Tickets



THE DIRTBOMBS

Friday Feb. 22 • Doors 8pm Show 9pm • \$16

Jam Productions Presents...

Matt Costa

Buy Tickets



MATT COSTA

Saturday Mar. 1 • Doors 8pm Show 9pm • \$15 adv. / \$17 dos.

3D-Mas presents...
Six-Year Anniversary Show with...

**Tim Reynolds Band
Van Ghost**

Buy Tickets



TIM REYNOLDS BAND

BUD LIGHT



ticketmaster

emusiclive

**ALL SHOWS ARE
21 & UP**

Tickets available at all TicketMaster loc
Or CHARGE BY PHONE: (312) 559-12
or at the DOUBLE DOOR BOX OFFICE
(Double Door ticket office is open from
Monday through Saturday CASH ONLY

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 LABELS ARTISTS RADIO BOOTLEGS!**

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 Get involved with Free Range Music. Come along to the events, support your independent artists, or get busy doing some DIY. There's so much to do on The Farm.

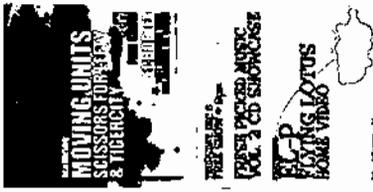
RUSSIAN CIRCLES

December 13, 2007
 Double Door
 1572 N Milwaukee Ave
 Chicago, IL 60622

Russian Circles. These Arms Are Snakes, Holy Roman Empire
 9 PM-1AM
 18+

To kick off the release of The FABERS second CD completion, we're pulling out all the stops. Bringing bands featured on the compilation to a stage near you. The FARM is proud to present Russian Circles, These Arms Are Snakes, and Holy Roman Empire!

Opening the night is Holy Roman Empire. Comprised of Chicago hardcore vets, they play a decidedly different brand



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PJKT | MySmokersRights | Site Requirements | Age Requirements | User Agreement | Protecting Your Privacy

Exhibit E

Rolling Stone Media Kit

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[Edu/Calendar](#)
[Rates & Specs](#)
[Special Sections/
Events](#)
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Special Sections

Events

Special Sections

Rolling Stone: Impact Units

Rolling Stone Integrated Marketing functions as a hybrid of an advertising agency, creative studio, and product placement company.

We generate Rolling Stone-centric communications programs that address the specific marketing objectives of our advertisers while staying true to the magazine's editorial mission. The result: Visually stunning in-book sections, special inserts and other advertising units.

2007 Clients (partial list)



[Click here to enlarge](#)

Bass Ale "Inspiration"

- Promote the Bass Pale Ale and *Rolling Stone* Taste the Greatness Concert Series
- Spotlight three of the artists performing as part of the series along with each's lyrical inspirations



[Click here to enlarge](#)

Verizon Wireless "On Demand"

- Drive awareness of Verizon Wireless V Cast's downloadable music features through a series of custom spreads
- Borrow the equity of artists such as James Blunt, John Legend, and Sean Paul to reinforce Verizon Wireless V Cast's range of music and exclusive content



Jeep Wrangler/Activision "Exclusive Rides"

- Marry two brands with the common asset of Tony Hawk to promote new Jeep Wrangler and Activision Project 8 launches
- Engage readers with a design your own Wrangler or skateboard deck contest
- Demonstrate contest entry by incorporating

[Click here to enlarge](#)

custom designed skateboard decks from three hot artists: Eagles of Death Metal, Bloc Party and Lupe Fiasco

[Click here to enlarge](#)

Chevrolet "Year in Rock"

- Reinforce the American iconic relationship between music and Chevrolet
- Bring relationship to life in a twelve-month calendar featuring the hottest artists with Chevrolet vehicles

[Click here to enlarge](#)

Nikon "Rock Star Behavior"

- Drive awareness of Nikon's new Cool Pix camera
- Showcase the All American Rejects interacting with the camera to demonstrate product benefits

Events

Rolling Stone has been the leading voice of music and popular culture since its inception 40 years ago. The magazine features the latest in music reviews, in-depth interviews, provocative photos, and award-winning profiles. All of this and more is brought to life via a broad range of special events and added-value programs designed by our marketing department.

PRIVATE CONCERTS: RS Live • The best artists performing in the hottest venues in NYC and LA • Featuring buzz-worthy talent, each RS LIVE concert reaches an audience of 1,000+ socially active music fans, subscribers, music industry leaders and press • RS LIVE performers have included The Killers, John Mayer, Modest Mouse, Kaiser Chiefs, Ryan Adams, the Yeah Yeah Yeahs, and the Fray among others • Sponsor marketing objectives met through creation of custom on-site sampling, promotion and branding programs • 2-3 concerts each year

AWARD SHOW EVENTS: *Rolling Stone* can always be found at the heart of the action at top music industry events yearlong. **2007 GRAMMY Week Kick-Off, Feb. '07** • *Rolling Stone* partnered with Verizon Wireless on a GRAMMY Week Kick-Off party featuring a private concert by GRAMMY winner Justin Timberlake at Avalon in Hollywood. • Special guest performers included The Black Eyed Peas, Nelly Furtado and Timbaland who all joined JT onstage. • Celebrities in attendance included Scarlett Johansen, Kid Rock, Rosario Dawson, P. Diddy and many more

FILM INITIATIVES: Advance Screenings • 2+ screenings per year • The ultimate

in movie access—inviting readers to attend pre-release screenings of the hottest, most anticipated films. • Screenings typically held in 1-5 major markets nationwide for 300+ readers per market. • Participation elements may include: – Logos on national in-book ad promoting program – HTML email blast with links to partner websites – Logo on screening sign-up page housed online – Logo on signage at each theater – Distribution of branded premium in event gift bags– Quantities of tickets in each market to entertain retailers, clients & VIPs • Past screenings featured “Wedding Crashers,” “The Brothers Grimm,” “The Bourne Supremacy” and “The Holiday.”

CUSTOM EVENTS: CD Release Parties • Regular events co-hosted with music labels and musicians allowing for product exposure & sampling. *RS Club/Bar Access* • Access to themed nights & parties at hot clubs in NYC, LA & Miami. *Wenner Books* • A new imprint of Wenner Media and joint venture with Hyperion, Wenner Books focuses on quality, nonfiction in music, politics, culture, style, adventure and biography. • Custom opportunities may include official release events, signing parties, author presentations, and more...

Custom participation will be created in consideration of product/service category, branding objectives and advertising commitment with Rolling Stone. All event themes, content and scheduling are subject to change and cancellation. Participation based on approval of hosting sponsors.

www.rollingstone.com



Exhibit F

Affidavit of Tammy L. Friedewald

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I, Tammy L. Friedewald, being first duly sworn, depose and state as follows:

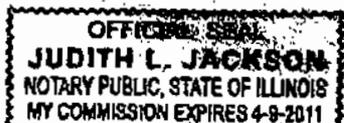
1. I have personal knowledge of the facts stated herein.
2. I am a Paralegal in the Tobacco Enforcement Bureau with the Office of the Illinois Attorney General.
3. On November 14, 2007, I purchased a fortieth anniversary edition of Rolling Stone Magazine, Issue 1039, dated November 15, 2007 from a Schnucks Supermarket located at 2801 Chatham Road, Springfield, Illinois 62704. I certify that Exhibit A is a true and accurate copy of pages 64 through 72 of the Rolling Stone Magazine I purchased.
4. I have viewed R.J. Reynolds' "The Farm" website and have seen the Screen Captures of "The Farm" website as well as the Concert Schedules for the Darkroom and the Double Door. I certify Group Exhibits B, C & D to be true and accurate representations of these items.
5. I have viewed the Rolling Stone website and the Media Kit affiliated with the website (http://www.srds.com/mediakits/rollingstone/special_sections.html). I certify Exhibit E to be a true and accurate print of this item.

Futher Affiant Sayeth Not.

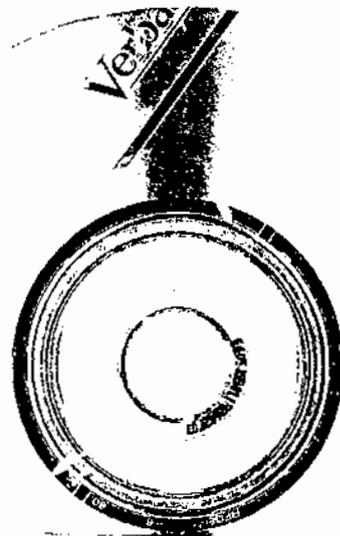
Tammy L. Friedewald

Subscribed and sworn to before me
this 3rd day of December, 2007.

Judith L. Jackson
Notary Public



Group Exhibit G



PEOPLE V. PHILIP MORRIS; R.J. REYNOLDS
TOBACCO CO.; et al.
No. 02 L 423; No. 96 L 13146
Plaintiff's Motion for a Temporary Restraining Order
GROUP EXHIBIT G

Exhibit H

AFFIDAVIT OF JAY MONTEVERDE

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

Jay Monteverde, being first duly sworn upon oath, states as follows:

1. I am an Assistant Attorney General in the Special Litigation Bureau of the Illinois Attorney General's Office.
2. I attended a portion of a free concert on November 21, 2007 at the Double Door bar, located at 1572 N. Milwaukee Ave., Chicago, Cook County, Illinois. This concert was a promotional event for R.J. Reynolds' "Camel - The Farm - Free Range Music" marketing campaign. Two music groups were featured at this concert: "Chin Up Chin Up" and "Catfish Haven."
3. Staffpersons were checking identification at the entrance to verify age, as the venue served alcohol and was therefore a "twenty-one-and-over" business.
4. While at the promotional concert, I recorded photos and videos using a digital camera. The objects depicted in the photos and videos were visible from nearly all vantage points in the main room of the venue.
5. I certify the photo and video files recorded onto the CD labeled Group Exhibit G to be true and accurate reproductions of the photos and videos I recorded at the Double Door on November 21, 2007.

Further affiant sayeth not.



Jay Monteverde

SUBSCRIBED and SWORN to before me
this 3rd Day of December, 2007



NOTARY PUBLIC



Exhibit I

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT — LAW DIVISION

PEOPLE OF THE STATE OF ILLINOIS,

Plaintiff,

v.

PHILIP MORRIS, INCORPORATED; R.J.
REYNOLDS TOBACCO CO.; AMERICAN
TOBACCO CO., INC.; BROWN &
WILLIAMSON TOBACCO CORP.; LIGGETT
& MYERS, INC.; LORILLARD TOBACCO
CO., INC.; UNITED STATES TOBACCO
COMPANY; B.A.T. INDUSTRIES, P.L.C.;
BRITISH AMERICAN TOBACCO
COMPANY, LTD.; HILL & KNOWLTON,
INC.; THE COUNCIL FOR TOBACCO
RESEARCH - U.S.A., and TOBACCO
INSTITUTE, INC., foreign corporations,

Defendants.

No. 96 L 13146

Judge Richard E. Neville

CONSENT DECREE AND FINAL JUDGMENT

WHEREAS, Plaintiff, the State of Illinois, commenced this action on November 12, 1996, by and through its Attorney General, James E. Ryan, pursuant to his common law powers and the provisions of Illinois law;

WHEREAS, the State of Illinois asserted various claims for monetary, equitable and injunctive relief on behalf of the State of Illinois against defendants Philip Morris Incorporated; R.J. Reynolds Tobacco Co.; Brown & Williamson Tobacco Corp., individually and as successor by merger to The American Tobacco Co.; Lorillard Tobacco Company; Liggett & Myers, Inc.; and other defendants;

WHEREAS, Defendants have contested the claims in the State's complaint and amended complaints, and denied the State's allegations and asserted affirmative defenses;

WHEREAS, the parties desire to resolve this action in a manner which appropriately addresses the State's public health concerns, while conserving the parties' resources, as well as those of the Court, which would otherwise be expended in litigating a matter of this magnitude; and

WHEREAS, the Court has made no determination of any violation of law, this Consent Decree and Final Judgment being entered prior to the taking of any testimony and without trial or final adjudication of any issue of fact or law;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED, AS FOLLOWS:

I. JURISDICTION AND VENUE

This Court has jurisdiction over the subject matter of this action and over each of the Participating Manufacturers. Venue is proper in this county.

II. DEFINITIONS

The definitions set forth in the Agreement (a copy of which is attached hereto) are incorporated herein by reference.

III. APPLICABILITY

A. This Consent Decree and Final Judgment applies only to the Participating Manufacturers in their corporate capacity acting through their respective successors and assigns, directors, officers, employees, agents, subsidiaries, divisions, or other internal organizational units of any kind or any other entities acting in concert or participation with them. The remedies, penalties and sanctions that may be imposed or assessed in connection with a violation of this Consent Decree and Final Judgment (or any order issued in connection herewith) shall only apply to the Participating Manufacturers, and shall not be imposed or assessed against any employee, officer or director of any Participating Manufacturer, or against any other person or entity as a consequence of such violation, and there shall be no jurisdiction under this Consent Decree and Final Judgment to do so.

B. This Consent Decree and Final Judgment is not intended to and does not vest standing in any third party with respect to the terms hereof. No portion of this Consent Decree and Final Judgment shall provide any rights to, or be enforceable by, any person or entity other than the State of Illinois or a Released Party. The State of Illinois may not assign or otherwise convey any right to enforce any provision of this Consent Decree and Final Judgment.

IV. VOLUNTARY ACT OF THE PARTIES

The parties hereto expressly acknowledge and agree that this Consent Decree and Final Judgment is voluntarily entered into as the result of arm's-length negotiation, and all parties hereto were represented by counsel in deciding to enter into this Consent Decree and Final Judgment.

V. INJUNCTIVE AND OTHER EQUITABLE RELIEF

Each Participating Manufacturer is permanently enjoined from:

A. Taking any action, directly or indirectly, to target Youth within the State of Illinois in the advertising, promotion or marketing of Tobacco Products, or taking any action the primary purpose of which is to initiate, maintain or increase the incidence of Youth smoking within the State of Illinois.

B. After 180 days after the MSA Execution Date, using or causing to be used within the State of Illinois any Cartoon in the advertising, promoting, packaging or labeling of Tobacco Products.

C. After 30 days after the MSA Execution Date, making or causing to be made any payment or other consideration to any other person or entity to use, display, make reference to or use as a prop within the State of Illinois any Tobacco Product, Tobacco Product package, advertisement for a Tobacco Product, or any other item bearing a Brand Name in any Media; provided, however, that the foregoing prohibition shall not apply to (1) Media where the audience or viewers are within an Adult-Only Facility (provided such Media are not visible to persons outside such Adult-Only Facility); (2) Media not intended for distribution or display to the public; (3) instructional Media concerning non-conventional cigarettes viewed only by or provided only to

smokers who are Adults; and (4) actions taken by any Participating Manufacturer in connection with a Brand Name Sponsorship permitted pursuant to subsections III(c)(2)(A) and III(c)(2)(B)(i) of the Agreement, and use of a Brand Name to identify a Brand Name Sponsorship permitted by subsection III(c)(2)(B)(i).

D. Beginning July 1, 1999, marketing, distributing, offering, selling, licensing or causing to be marketed, distributed, offered, sold, or licensed (including, without limitation, by catalogue or direct mail), within the State of Illinois, any apparel or other merchandise (other than Tobacco Products, items the sole function of which is to advertise Tobacco Products, or written or electronic publications) which bears a Brand Name. Provided, however, that nothing in this section shall (1) require any Participating Manufacturer to breach or terminate any licensing agreement or other contract in existence as of June 20, 1997 (this exception shall not apply beyond the current term of any existing contract, without regard to any renewal or option term that may be exercised by such Participating Manufacturer); (2) prohibit the distribution to any Participating Manufacturer's employee who is not Underage of any item described above that is intended for the personal use of such an employee; (3) require any Participating Manufacturer to retrieve, collect or otherwise recover any item that prior to the MSA Execution Date was marketed, distributed, offered, sold, licensed, or caused to be marketed, distributed, offered, sold, or licensed by such Participating Manufacturer; (4) apply to coupons or other items used by Adults solely in connection with the purchase of Tobacco Products; (5) apply to apparel or other merchandise used within an Adult-Only Facility that is not distributed (by sale or otherwise) to any member of the general public; or (6) apply to apparel or other merchandise (a) marketed, distributed, offered, sold, or licensed at the site of a Brand Name Sponsorship permitted pursuant to subsection III(c)(2)(A) or III(c)(2)(B)(i) of the Agreement by the person to which the relevant Participating Manufacturer has provided payment in exchange for the use of the relevant Brand Name in the Brand Name Sponsorship or a third-party that does not receive payment from the relevant Participating Manufacturer (or any Affiliate of such Participating Manufacturer) in connection with the

marketing, distribution, offer, sale, or license of such apparel or other merchandise, or (b) used at the site of a Brand Name Sponsorship permitted pursuant to subsections III(c)(2)(A) or III(c)(2)(B)(i) of the Agreement (during such event) that are not distributed (by sale or otherwise) to any member of the general public.

E. After the MSA Execution Date, distributing or causing to be distributed within the State of Illinois any free samples of Tobacco Products except in an Adult-Only Facility. For purposes of this Consent Decree and Final Judgment, a "free sample" does not include a Tobacco Product that is provided to an Adult in connection with (1) the purchase, exchange or redemption for proof of purchase of Tobacco Products (including, but not limited to, a free offer in connection with the purchase of Tobacco Products, such as a "two-for-one" offer), or (2) the conducting of consumer testing or evaluation of Tobacco Products with persons who certify that they are Adults.

F. Using or causing to be used as a brand name of any Tobacco Product pursuant to any agreement requiring the payment of money or other valuable consideration, any nationally recognized or nationally established brand name or trade name of any non-tobacco item or service or any nationally recognized or nationally established sports team, entertainment group or individual celebrity. Provided, however, that the preceding sentence shall not apply to any Tobacco Product brand name in existence as of July 1, 1998. For the purposes of this provision, the term "other valuable consideration" shall not include an agreement between two entities who enter into such agreement for the sole purpose of avoiding infringement claims.

G. After 60 days after the MSA Execution Date and through and including December 31, 2001, manufacturing or causing to be manufactured for sale within the State of Illinois any pack or other container of Cigarettes containing fewer than 20 Cigarettes (or, in the case of roll-your-own tobacco, any package of roll-your-own tobacco containing less than 0.60 ounces of tobacco); and, after 150-days after the MSA Execution Date and through and including December 31, 2001, selling or distributing within the State of Illinois any pack or other container of Cigarettes

containing fewer than 20 Cigarettes (or, in the case of roll-your-own tobacco, any package of roll-your-own tobacco containing less than 0.60 ounces of tobacco).

H. Entering into any contract, combination or conspiracy with any other Tobacco Product Manufacturer that has the purpose or effect of: (1) limiting competition in the production or distribution of information about health hazards or other consequences of the use of their products; (2) limiting or suppressing research into smoking and health; or (3) limiting or suppressing research into the marketing or development of new products. Provided, however, that nothing in the preceding sentence shall be deemed to (1) require any Participating Manufacturer to produce, distribute or otherwise disclose any information that is subject to any privilege or protection; (2) preclude any Participating Manufacturer from entering into any joint defense or joint legal interest agreement or arrangement (whether or not in writing), or from asserting any privilege pursuant thereto; or (3) impose any affirmative obligation on any Participating Manufacturer to conduct any research.

I. Making any material misrepresentation of fact regarding the health consequences of using any Tobacco Product, including any tobacco additives, filters, paper or other ingredients. Provided, however, that nothing in the preceding sentence shall limit the exercise of any First Amendment right or the assertion of any defense or position in any judicial, legislative or regulatory forum.

VI. MISCELLANEOUS PROVISIONS

A. Jurisdiction of this case is retained by the Court for the purposes of implementing and enforcing the Agreement and this Consent Decree and Final Judgment and enabling the continuing proceedings contemplated herein. Whenever possible, the State of Illinois and the Participating Manufacturers shall seek to resolve any issue that may exist as to compliance with this Consent Decree and Final Judgment by discussion among the appropriate designees named pursuant to subsection XVIII(m) of the Agreement. The State of Illinois and/or any Participating Manufacturer may apply to the Court at any time for further orders and directions as may be

necessary or appropriate for the implementation and enforcement of this Consent Decree and Final Judgment. Provided, however, that with regard to subsections V(A) and V(I) of this Consent Decree and Final Judgment, the Attorney General shall issue a cease and desist demand to the Participating Manufacturer that the Attorney General believes is in violation of either of such sections at least ten Business Days before the Attorney General applies to the Court for an order to enforce such subsections, unless the Attorney General reasonably determines that either a compelling time-sensitive public health and safety concern requires more immediate action or the Court has previously issued an Enforcement Order to the Participating Manufacturer in question for the same or a substantially similar action or activity. For any claimed violation of this Consent Decree and Final Judgment, in determining whether to seek an order for monetary, civil contempt or criminal sanctions for any claimed violation, the Attorney General shall give good-faith consideration to whether: (1) the Participating Manufacturer that is claimed to have committed the violation has taken appropriate and reasonable steps to cause the claimed violation to be cured, unless that party has been guilty of a pattern of violations of like nature; and (2) a legitimate, good-faith dispute exists as to the meaning of the terms in question of this Consent Decree and Final Judgment. The Court in any case in its discretion may determine not to enter an order for monetary, civil contempt or criminal sanctions.

B. This Consent Decree and Final Judgment is not intended to be, and shall not in any event be construed as, or deemed to be, an admission or concession or evidence of (1) any liability or any wrongdoing whatsoever on the part of any Released Party or that any Released Party has engaged in any of the activities barred by this Consent Decree and Final Judgment; or (2) personal jurisdiction over any person or entity other than the Participating Manufacturers. Each Participating Manufacturer specifically disclaims and denies any liability or wrongdoing whatsoever with respect to the claims and allegations asserted against it in this action, and has stipulated to the entry of this Consent Decree and Final Judgment solely to avoid the further expense, inconvenience, burden and risk of litigation.

C. Except as expressly provided otherwise in the Agreement, this Consent Decree and Final Judgment shall not be modified (by this Court, by any other court or by any other means) unless the party seeking modification demonstrates, by clear and convincing evidence, that it will suffer irreparable harm from new and unforeseen conditions. Provided, however, that the provisions of sections III, V, VI and VII of this Consent Decree and Final Judgment shall in no event be subject to modification without the consent of the State of Illinois and all affected Participating Manufacturers. In the event that any of the sections of this Consent Decree and Final Judgment enumerated in the preceding sentence are modified by this Court, by any other court or by any other means without the consent of the State of Illinois and all affected Participating Manufacturers, then this Consent Decree and Final Judgment shall be void and of no further effect. Changes in the economic conditions of the parties shall not be grounds for modification. It is intended that the Participating Manufacturers will comply with this Consent Decree and Final Judgment as originally entered, even if the Participating Manufacturers' obligations hereunder are greater than those imposed under current or future law (unless compliance with this Consent Decree and Final Judgment would violate such law). A change in law that results, directly or indirectly, in more favorable or beneficial treatment of any one or more of the Participating Manufacturers shall not support modification of this Consent Decree and Final Judgment.

D. In any proceeding which results in a finding that a Participating Manufacturer violated this Consent Decree and Final Judgment, the Participating Manufacturer or Participating Manufacturers found to be in violation shall pay the State's costs and attorneys' fees incurred by the State of Illinois in such proceeding.

E. The remedies in this Consent Decree and Final Judgment are cumulative and in addition to any other remedies the State of Illinois may have at law or equity, including but not limited to its rights under the Agreement. Nothing herein shall be construed to prevent the State from bringing an action with respect to conduct not released pursuant to the Agreement, even though that conduct may also violate this Consent Decree and Final Judgment. Nothing in this

Consent Decree and Final Judgment is intended to create any right for the State of Illinois to obtain any Cigarette product formula that it would not otherwise have under applicable law.

F. No party shall be considered the drafter of this Consent Decree and Final Judgment for the purpose of any statute, case law or rule of interpretation or construction that would or might cause any provision to be construed against the drafter. Nothing in this Consent Decree and Final Judgment shall be construed as approval by the State of Illinois of the Participating Manufacturers' business organizations, operations, acts or practices, and the Participating Manufacturers shall make no representation to the contrary.

G. The settlement negotiations resulting in this Consent Decree and Final Judgment have been undertaken in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Consent Decree and Final Judgment shall be offered or received in evidence in any action or proceeding for any purpose. Neither this Consent Decree and Final Judgment nor any public discussions, public statements or public comments with respect to this Consent Decree and Final Judgment by the State of Illinois or any Participating Manufacturer or its agents shall be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Consent Decree and Final Judgment.

H. All obligations of the Participating Manufacturers pursuant to this Consent Decree and Final Judgment (including, but not limited to, all payment obligations) are, and shall remain, several and not joint.

I. The provisions of this Consent Decree and Final Judgment are applicable only to actions taken (or omitted to be taken) within the States. Provided, however, that the preceding sentence shall not be construed as extending the territorial scope of any provision of this Consent Decree and Final Judgment whose scope is otherwise limited by the terms thereof.

J. Nothing in subsection V(A) or V(I) of this Consent Decree and Final Judgment shall create a right to challenge the continuation, after the MSA Execution Date, of any advertising

content, claim or slogan (other than use of a Cartoon) that was not unlawful prior to the MSA Execution Date.

K. If the Agreement terminates in this State for any reason, then this Consent Decree and Final Judgment shall be void and of no further effect.

VII. FINAL DISPOSITION

A. The Agreement, the settlement set forth therein, and the establishment of the escrow provided for therein are hereby approved in all respects, and all claims are hereby dismissed with prejudice as provided therein.

B. The Court finds that the persons signing the Agreement have full and complete authority to enter into the binding and fully effective settlement of this action as set forth in the Agreement. The Court further finds that entering into this settlement is in the best interests of the State of Illinois.

LET JUDGMENT BE ENTERED ACCORDINGLY.

Judge Richard E. Neville

DEC 08 1998

Circuit Court - 237

ENTERED

Richard E. Neville
JUDGE RICHARD E. NEVILLE

December 8th 1998
DATE

RECEIVED
CIRCUIT COURT
CLERK'S OFFICE
JAN 13 1999

Exhibit J

MASTER SETTLEMENT AGREEMENT

MASTER SETTLEMENT AGREEMENT

This Master Settlement Agreement is made by the undersigned Settling State officials (on behalf of their respective Settling States) and the undersigned Participating Manufacturers to settle and resolve with finality all Released Claims against the Participating Manufacturers and related entities as set forth herein. This Agreement constitutes the documentation effecting this settlement with respect to each Settling State, and is intended to and shall be binding upon each Settling State and each Participating Manufacturer in accordance with the terms hereof.

I. RECITALS

WHEREAS, more than 40 States have commenced litigation asserting various claims for monetary, equitable and injunctive relief against certain tobacco product manufacturers and others as defendants, and the States that have not filed suit can potentially assert similar claims;

WHEREAS, the Settling States that have commenced litigation have sought to obtain equitable relief and damages under state laws, including consumer protection and/or antitrust laws, in order to further the Settling States' policies regarding public health, including policies adopted to achieve a significant reduction in smoking by Youth;

WHEREAS, defendants have denied each and every one of the Settling States' allegations of unlawful conduct or wrongdoing and have asserted a number of defenses to the Settling States' claims, which defenses have been contested by the Settling States;

WHEREAS, the Settling States and the Participating Manufacturers are committed to reducing underage tobacco use by discouraging such use and by preventing Youth access to Tobacco Products;

WHEREAS, the Participating Manufacturers recognize the concern of the tobacco grower community that it may be adversely affected by the potential reduction in tobacco consumption resulting from this settlement, reaffirm their commitment to work

cooperatively to address concerns about the potential adverse economic impact on such community, and will, within 30 days after the MSA Execution Date, meet with the political leadership of States with grower communities to address these economic concerns;

WHEREAS, the undersigned Settling State officials believe that entry into this Agreement and uniform consent decrees with the tobacco industry is necessary in order to further the Settling States' policies designed to reduce Youth smoking, to promote the public health and to secure monetary payments to the Settling States; and

WHEREAS, the Settling States and the Participating Manufacturers wish to avoid the further expense, delay, inconvenience, burden and uncertainty of continued litigation (including appeals from any verdicts), and, therefore, have agreed to settle their respective lawsuits and potential claims pursuant to terms which will achieve for the Settling States and their citizens significant funding for the advancement of public health, the implementation of important tobacco-related public health measures, including the enforcement of the mandates and restrictions related to such measures, as well as funding for a national Foundation dedicated to significantly reducing the use of Tobacco Products by Youth;

NOW, THEREFORE, BE IT KNOWN THAT, in consideration of the implementation of tobacco-related health measures and the payments to be made by the Participating Manufacturers, the release and discharge of all claims by the Settling States, and such other consideration as described herein, the sufficiency of which is hereby acknowledged, the Settling States and the Participating Manufacturers, acting by and through their authorized agents, memorialize and agree as follows:

II. DEFINITIONS

- (a) "Account" has the meaning given in the Escrow Agreement.
- (b) "Adult" means any person or persons who are not Underage.
- (c) "Adult-Only Facility" means a facility or restricted area (whether open-air or enclosed) where the operator ensures or has a reasonable basis to believe (such as by checking identification as required under state law, or by checking the identification of any person appearing to be under the age of 27) that no

entry of an order for relief as to such entity under the federal bankruptcy laws as now or hereafter in effect. Provided, however, that an involuntary case or proceeding otherwise within the foregoing definition shall not be a "Bankruptcy" if it is or was dismissed within 60 days of its commencement.

(i) "Brand Name" means a brand name (alone or in conjunction with any other word), trademark, logo, symbol, motto, selling message, recognizable pattern of colors, or any other indicia of product identification identical or similar to, or identifiable with, those used for any domestic brand of Tobacco Products. Provided, however, that the term "Brand Name" shall not include the corporate name of any Tobacco Product Manufacturer that does not after the MSA Execution Date sell a brand of Tobacco Products in the States that includes such corporate name.

(j) "Brand Name Sponsorship" means an athletic, musical, artistic, or other social or cultural event as to which payment is made (or other consideration is provided) in exchange for use of a Brand Name or Names (1) as part of the name of the event or (2) to identify, advertise, or promote such event or an entrant, participant or team in such event in any other way. Sponsorship of a single national or multi-state series or tour (for example, NASCAR (including any number of NASCAR races)), or of one or more events within a single national or multi-state series or tour, or of an entrant, participant, or team taking part in events sanctioned by a single approving organization (e.g., NASCAR or CART), constitutes one Brand Name Sponsorship. Sponsorship of an entrant, participant, or team by a Participating Manufacturer using a Brand Name or Names in an event that is part of a series or tour that is sponsored by such Participating Manufacturer or that is part of a series or tour in which any one or more events are sponsored by such Participating Manufacturer does not constitute a separate Brand Name Sponsorship. Sponsorship of an entrant, participant, or team by a Participating Manufacturer using a Brand Name or Names in any event (or series of events) not sponsored by such Participating Manufacturer constitutes a Brand Name Sponsorship. The term "Brand Name Sponsorship" shall not include an event in an Adult-Only Facility.

(k) "Business Day" means a day which is not a Saturday or Sunday or legal holiday on which banks are authorized or required to close in New York, New York.

(l) "Cartoon" means any drawing or other depiction of an object, person, animal, creature or any similar caricature that satisfies any of the following criteria:

- (1) the use of comically exaggerated features;

(2) the attribution of human characteristics to animals, plants or other objects, or the similar use of anthropomorphic technique; or

(3) the attribution of unnatural or extrahuman abilities, such as imperviousness to pain or injury, X-ray vision, tunneling at very high speeds or transformation.

The term "Cartoon" includes "Joe Camel," but does not include any drawing or other depiction that on July 1, 1998, was in use in any State in any Participating Manufacturer's corporate logo or in any Participating Manufacturer's Tobacco Product packaging.

(m) "Cigarette" means any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains (1) any roll of tobacco wrapped in paper or in any substance not containing tobacco; or (2) tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or (3) any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in clause (1) of this definition. The term "Cigarette" includes "roll-your-own" (i.e., any tobacco which, because of its appearance, type, packaging, or labeling is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes). Except as provided in subsections II(z) and II(mm), 0.0325 ounces of "roll-your-own" tobacco shall constitute one individual "Cigarette."

(n) "Claims" means any and all manner of civil (i.e., non-criminal): claims, demands, actions, suits, causes of action, damages (whenever incurred), liabilities of any nature including civil penalties and punitive damages, as well as costs, expenses and attorneys' fees (except as to the Original Participating Manufacturers' obligations under section XVII), known or unknown, suspected or unsuspected, accrued or unaccrued, whether legal, equitable, or statutory.

(o) "Consent Decree" means a state-specific consent decree as described in subsection XIII(b)(1)(B) of this Agreement.

III. PERMANENT RELIEF

(a) Prohibition on Youth Targeting. No Participating Manufacturer may take any action, directly or indirectly, to target Youth within any Settling State in the advertising, promotion or marketing of Tobacco Products, or take any action the primary purpose of which is to initiate, maintain or increase the incidence of Youth smoking within any Settling State.

(b) Ban on Use of Cartoons. Beginning 180 days after the MSA Execution Date, no Participating Manufacturer may use or cause to be used any Cartoon in the advertising, promoting, packaging or labeling of Tobacco Products.

(c) Limitation of Tobacco Brand Name Sponsorships.

(1) Prohibited Sponsorships. After the MSA Execution Date, no Participating Manufacturer may engage in any Brand Name Sponsorship in any State consisting of:

(A) concerts; or

(B) events in which the intended audience is comprised of a significant percentage of Youth; or

(C) events in which any paid participants or contestants are Youth;

or

(D) any athletic event between opposing teams in any football, basketball, baseball, soccer or hockey league.

(2) Limited Sponsorships.

(A) No Participating Manufacturer may engage in more than one Brand Name Sponsorship in the States in any twelve-month period (such period measured from the date of the initial sponsored event).

(B) Provided, however, that

(i) nothing contained in subsection (2)(A) above shall require a Participating Manufacturer to breach or terminate any sponsorship contract in existence as of August 1, 1998 (until the earlier of (x) the current term of any existing contract, without

cause to be provided to any person without sufficient proof that such person is an Adult any item in exchange for the purchase of Tobacco Products, or the furnishing of credits, proofs-of-purchase, or coupons with respect to such a purchase. For purposes of the preceding sentence only, (1) a driver's license or other government-issued identification (or legible photocopy thereof), the validity of which is certified by the person to whom the item is provided, shall by itself be deemed to be a sufficient form of proof of age; and (2) in the case of items provided (or to be redeemed) at retail establishments, a Participating Manufacturer shall be entitled to rely on verification of proof of age by the retailer, where such retailer is required to obtain verification under applicable federal, state or local law.

(i) Limitation on Third-Party Use of Brand Names. After the MSA Execution Date, no Participating Manufacturer may license or otherwise expressly authorize any third party to use or advertise within any Settling State any Brand Name in a manner prohibited by this Agreement if done by such Participating Manufacturer itself. Each Participating Manufacturer shall, within 10 days after the MSA Execution Date, designate a person (and provide written notice to NAAG of such designation) to whom the Attorney General of any Settling State may provide written notice of any such third-party activity that would be prohibited by this Agreement if done by such Participating Manufacturer itself. Following such written notice, the Participating Manufacturer will promptly take commercially reasonable steps against any such non-de minimis third-party activity. Provided, however, that nothing in this subsection shall require any Participating Manufacturer to (1) breach or terminate any licensing agreement or other contract in existence as of July 1, 1998 (this exception shall not apply beyond the current term of any existing contract, without regard to any renewal or option term that may be exercised by such Participating Manufacturer); or (2) retrieve, collect or otherwise recover any item that prior to the MSA Execution Date was marketed, distributed, offered, sold, licensed or caused to be marketed, distributed, offered, sold or licensed by such Participating Manufacturer.

such Settling State and the Participating Manufacturers (including for purposes of subsection (g)(4)), and this section VI shall be enforceable by and in such Settling State.

VII. ENFORCEMENT

(a) Jurisdiction. Each Participating Manufacturer and each Settling State acknowledge that the Court: (1) has jurisdiction over the subject matter of the action identified in Exhibit D in such Settling State and over each Participating Manufacturer; (2) shall retain exclusive jurisdiction for the purposes of implementing and enforcing this Agreement and the Consent Decree as to such Settling State; and (3) except as provided in subsections IX(d), XI(c) and XVII(d) and Exhibit O, shall be the only court to which disputes under this Agreement or the Consent Decree are presented as to such Settling State. Provided, however, that notwithstanding the foregoing, the Escrow Court (as defined in the Escrow Agreement) shall have exclusive jurisdiction, as provided in section 15 of the Escrow Agreement, over any suit, action or proceeding seeking to interpret or enforce any provision of, or based on any right arising out of, the Escrow Agreement.

(b) Enforcement of Consent Decree. Except as expressly provided in the Consent Decree, any Settling State or Released Party may apply to the Court to enforce the terms of the Consent Decree (or for a declaration construing any such term) with respect to alleged violations within such Settling State. A Settling State may not seek to enforce the Consent Decree of another Settling State; provided, however, that nothing contained herein shall affect the ability of any Settling State to (1) coordinate state enforcement actions or proceedings, or (2) file or join any amicus brief. In the event that the Court determines that any Participating Manufacturer or Settling State has violated the Consent Decree within such Settling State, the party that initiated the proceedings may request any and all relief available within such Settling State pursuant to the Consent Decree.

Exhibit K

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION**

PEOPLE OF THE STATE OF ILLINOIS,)

Plaintiff,)

v.)

No. 02 L 423

PHILIP MORRIS, INCORPORATED; R.J.)
REYNOLDS TOBACCO CO.; AMERICAN)
TOBACCO CO., INC.; BROWN &)
WILLIAMSON TOBACCO CORP.; LIGGETT &)
MYERS, INC.; LORILLARD TOBACCO CO.,)
INC.; UNITED STATES TOBACCO COMPANY;)
B.A.T. INDUSTRIES, P.L.C.; BRITISH)
AMERICAN TOBACCO COMPANY, LTD.;)
HILL & KNOWLTON, INC.; THE COUNCIL)
FOR TOBACCO RESEARCH - U.S.A., AND)
TOBACCO INSTITUTE, INC.,)

Hon. James F. Henry

Defendants.)

STIPULATION OF SETTLEMENT AND ORDER

WHEREAS, on July 22, 2004 Plaintiff, the People of the State of Illinois through the Attorney General of the State of Illinois, brought a Motion to Enforce seeking to enforce the provisions of the tobacco Master Settlement Agreement ("MSA") agreed to on November 23, 1998 and the Consent Decree and Final Judgment in this action approved by this Court and entered on December 8, 1998 ("Consent Decree"); and

WHEREAS, that motion sought injunctive and monetary relief relating to the 2004 KOOL MIXX Promotion conducted by defendant Brown & Williamson Tobacco Corporation (now known as Brown & Williamson Holdings, Inc.) ("Brown & Williamson"); and

WHEREAS, on July 30, 2004, Brown & Williamson's U.S. tobacco business was combined with R.J. Reynolds Tobacco Company and is now owned by a new corporation that is also named R.J. Reynolds Tobacco Company ("Reynolds"); and

WHEREAS, the parties desire to completely resolve, settle, release and discharge the claims raised in this motion in a manner which appropriately addresses Plaintiff's public health concerns, while conserving the parties' resources, as well as those of the Court, which otherwise would be expended in litigating this matter; and

WHEREAS, the parties have entered into a Settlement Agreement dated October 5, 2004 which the parties believe constitutes a good faith settlement of said disputes and disagreements between the parties relating to the application of the MSA and the Consent Decree to Brown & Williamson's 2004 KOOL MIXX Promotion; and

WHEREAS, this Stipulation of Settlement and Order is not intended to be, and shall not in any event be construed as, or deemed to be, an admission or concession or evidence of any liability or wrongdoing whatsoever on the part of Reynolds or Brown & Williamson; and

WHEREAS, the Court has made no determination of any violation of law, this Stipulation of Settlement and Order being entered prior to the taking of any testimony and without trial or final adjudication of any issue of fact or law;

NOW, THEREFORE IT IS HEREBY STIPULATED, AGREED AND ORDERED AS FOLLOWS:

1. Pursuant to Section VI.A. of the Consent Decree, this Court has continuing jurisdiction for purposes of implementing and enforcing the MSA and the Consent Decree.
2. The Settlement Agreement signed by Plaintiff and Reynolds and Brown & Williamson and attached hereto as Exhibit A, is hereby adopted by the Court and incorporated by

reference as if fully set forth herein. This Court retains exclusive jurisdiction to enforce the obligations of the parties and over all disputes relating to the Settlement Agreement which may arise between the parties thereto.

3. The Motion to Enforce filed by Plaintiff on July 22, 2004 is hereby withdrawn with prejudice.

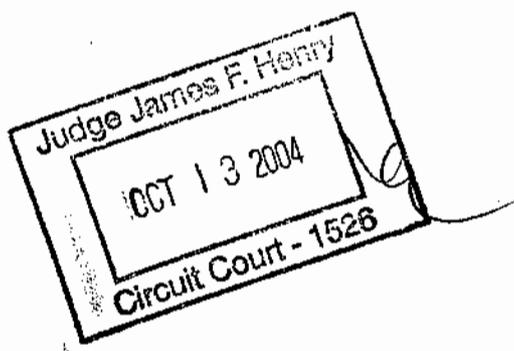
Dated: October 13, 2004

THE PEOPLE OF THE STATE OF
ILLINOIS by LISA MADIGAN,
Attorney General of Illinois

By: Benjamin C. Weinberg
Benjamin C. Weinberg
Assistant Attorney General
(I.D. No. 99000)
100 West Randolph, 13th Floor
Chicago, Illinois 60601
(312) 814-6141

R.J. REYNOLDS TOBACCO COMPANY
and BROWN & WILLIAMSON
TOBACCO CORPORATION (n/k/a
BROWN & WILLIAMSON HOLDINGS,
INC.)

By: Stephen R. Patton, P.C.
Stephen R. Patton, P.C.
KIRKLAND & ELLIS LLP
(I.D. No. 90443)
200 East Randolph Drive
Chicago, Illinois 60601
(312) 861-2000



SO ORDERED:

Hon. James F. Henry #1526

SETTLEMENT AGREEMENT

This Settlement Agreement (hereinafter "Agreement") is entered into this 5th day of October, 2004, by and between the State of New York through the Attorney General of the State of New York, ("New York"), the State of Maryland through the Attorney General of the State of Maryland ("Maryland"), the People of the State of Illinois through the Attorney General of the State of Illinois ("Illinois"), R.J. Reynolds Tobacco Company and Brown & Williamson Tobacco Corporation (now known as Brown & Williamson Holdings, Inc.) ("Brown & Williamson") (all above-referenced entities are collectively referred to herein as "the Parties").

WHEREAS, New York, Maryland and Illinois have brought the following motions against Brown & Williamson for an injunction, sanctions, and other relief alleging that Brown & Williamson's 2004 KOOL MIXX Promotion violated the November 23, 1998 Master Settlement Agreement ("MSA") and/or the related Consent Decrees: June 15, 2004 Order to Show Cause in *State of New York v. Philip Morris, Inc., et al.*, No. 400361/97, pending in the Supreme Court of the State of New York; June 29, 2004 Motion to Enforce the Master Settlement Agreement in *State of Maryland v. Philip Morris, Inc., et al.*, No. 96122017/CL211487, pending in the Circuit Court for Baltimore City; and the July 22, 2004 Motion to Enforce in *People of State of Illinois v. Philip Morris, Inc., et al.*, No. 96 L 13146 (subsequently re-numbered No. 02 L 423), pending in the Circuit Court of Cook County, Illinois (each described separately herein as an "Action" and collectively as "the Actions"); and

WHEREAS, Brown & Williamson has denied any violation of the Master Settlement Agreement and disputes the allegations made in the Actions; and

WHEREAS, on July 30, 2004, Brown & Williamson's U.S. tobacco business was combined with R.J. Reynolds Tobacco Company and is now owned by a new corporation that is also named R.J. Reynolds Tobacco Company; and

WHEREAS, New York, Maryland and Illinois, and Brown & Williamson and R.J. Reynolds Tobacco Company, wish to completely settle, release, and discharge all claims that were or could have been asserted in the Actions relating to Brown & Williamson's 2004 KOOL MIXX Promotion; and

NOW, THEREFORE, in consideration of their mutual agreement to the terms of this Agreement, and such other consideration as described herein, the sufficiency of which is hereby acknowledged, the Parties, acting by and through their authorized agents, stipulate and agree as follows:

I. Definitions

Unless otherwise indicated, all capitalized terms shall have the same meaning as in the MSA. In addition, the following terms shall have the following definitions:

1. "Consent Decrees" shall mean the Consent Decrees and Final Judgments entered by (i) the Supreme Court of New York in *State of New York v. Philip Morris, Inc., et al.*, No. 400361/97, on December 23, 1998; (ii) the Circuit Court for the City of Baltimore in *State of Maryland v. Philip Morris, Inc., et al*, No. 96122017/CL211487, on December 1, 1998; and (iii) the Circuit Court of Cook County, Illinois, in *People of State of Illinois v. Philip Morris, Inc., et al*, No. 96 L 13146, on December 8, 1998.

2. "Reynolds" shall mean Brown & Williamson and R.J. Reynolds Tobacco Company.

3. "2004 KOOL MIXX Promotion" shall mean Brown & Williamson's 2004 KOOL MIXX marketing campaign, including but not limited to the DJ mixing competitions held in Adult-Only Facilities, and the supporting advertising, marketing and promotional elements at retail (the Special Edition packs, retail displays and stick radio retail gift with purchase), on the Internet (through the House of Menthol website), direct mail, magazine advertisements, radio advertisements, "goody" bags, toll-free telephone numbers, "go" cards and promotional CD/CD-ROMs.

4. "Future KOOL MIXX Promotion" shall mean any future promotion and/or marketing campaign for the KOOL Brand that refers to "mixing" or "MIXX" or that involves in any way competitions with respect to Hip Hop music, dance or art, including without limitation DJ, MC, rap, break dancing or graffiti competitions, and any promotion or campaign that is substantially the same as the 2004 KOOL MIXX Promotion.

5. "Plaintiffs" shall mean the State of New York and Eliot Spitzer, the State of Maryland through the Attorney General of the State of Maryland, J. Joseph Curran, Jr., and the People of the State of Illinois through the Attorney General of the State of Illinois, Lisa Madigan.

6. "Brand Name" shall have the same meaning as in the Master Settlement Agreement. The Parties disagree on whether "MIXX" and "House of Menthol" (including any non-capitalized versions thereof) are Brand Names. By separately listing "MIXX" and "House of Menthol" herein, Plaintiffs do not waive and expressly reserve their position that "MIXX" and "House of Menthol" are Brand Names, and by agreeing to certain restrictions on the use of the words "MIXX" and "House of Menthol" herein, Reynolds does not waive and expressly reserves its position that "MIXX" and "House of Menthol" are not Brand Names.

7. "Master Settlement Agreement" and "MSA" shall mean the tobacco Master Settlement Agreement agreed to on November 23, 1998, as amended.

II. Agreements with Respect to the Actions

1. New York, Maryland and Illinois have determined that it is in the public interest of their respective States to enter into this Agreement rather than continue with additional discovery and/or litigation. Reynolds also has determined that it is in its interest to enter into this Agreement rather than continue with additional discovery and/or litigation. New York, Maryland and Illinois have kept the NAAG Tobacco Enforcement Committee (the "Committee") informed of the discussions and correspondence between the Parties. If a member of the Committee expresses to New York, Maryland or Illinois any objection to this Agreement's content or provisions prior to execution of this Agreement, New York, Maryland or Illinois will promptly so notify Reynolds.

2. The Parties believe that this Agreement constitutes a good faith settlement of said disputes and disagreements between the Parties relating to the application of the MSA and the Consent Decrees to Brown & Williamson's 2004 KOOL MIXX Promotion. This Agreement is for settlement purposes only and does not constitute an admission by Reynolds that either the MSA or the Consent Decrees have been violated or that the facts as alleged or asserted by New York, Maryland or Illinois or any other state are true.

3. At the time of or immediately following execution of this Agreement by the Parties, New York, Maryland and Illinois will promptly submit this Agreement to the NAAG Tobacco Enforcement Committee and will request that the Committee endorse the Agreement as a fair and reasonable resolution of the disputed issues and recommend the Agreement to the other Settling States as a fair and reasonable resolution of issues raised by the practices referred to

herein.

4. Within ten (10) business days following execution of this Agreement by the Parties:

- a. New York and Reynolds will submit this Agreement to the New York Supreme Court in action No. 400301/97 for approval of its terms and seek dismissal with prejudice of the New York Action; and,
- b. Maryland and Reynolds will submit this Agreement to the Circuit Court for the City of Baltimore in action No. 96122017/CL211487 for approval of its terms and seek dismissal with prejudice of the Maryland Action; and,
- c. Illinois and Reynolds will submit this Agreement to the Circuit Court of Cook County, Illinois in action No. 02 L 423 for approval of its terms and seek dismissal with prejudice of the Illinois Action.

5. The Parties agree that Court approval of this Agreement is a material consideration for entering into this Agreement, and any failure of the respective Courts overseeing the pending Actions in New York, Maryland and Illinois to approve the settlement and dismissal with prejudice of the Actions will constitute grounds for termination of this Agreement.

6. The Parties agree to discuss in good faith any disputes or other issues that may arise with respect to this Agreement. In the event that New York, Maryland or Illinois believes that Reynolds has acted or is acting contrary to any provision of this Agreement and the Parties are unable to resolve said dispute through discussion, New York, Maryland or Illinois can exercise their rights to enforce this Agreement. The Court in each of these states that has jurisdiction to implement and enforce the MSA and the Consent Decrees shall likewise retain exclusive jurisdiction over all disputes which may arise between that state and Reynolds with respect to this Agreement.

7. With respect to Reynolds' obligations under this Agreement, New York, Maryland and Illinois will have the discovery rights contained in Section VII(g) of the MSA, and whatever discovery rights might be provided by state law.

III. Promotional Restrictions on Future KOOL MIXX Promotions

In the event that Reynolds conducts any Future KOOL MIXX Promotion, Reynolds shall comply with the following restrictions:

1. Competitions

In the event that Reynolds conducts any DJ mixing and/or MC competitions as part of any Future KOOL MIXX Promotion, all such competitions shall only be conducted in Adult Only Facilities, and Reynolds shall not cause any such competition to be broadcast outside of the Adult Only Facility where such competition is held, including live or recorded broadcasts on radio, on television, through loudspeakers, on the Internet or through any other medium.

2. Merchandise

In the event that Reynolds distributes any merchandise in connection with any Future KOOL MIXX Promotion, the following restrictions shall apply:

- a. Reynolds shall not include any Brand Name or the words "MIXX" or "House of Menthol" on any such merchandise, including but not limited to lighters, CDs, "stick radios" and "goody bags" or on any removable sticker attached to any such merchandise.
- b. The provisions of this Paragraph III(2) shall not prevent Reynolds from providing "gifts with purchase" that do not contain a Brand Name or the words "MIXX" or "House of Menthol" in connection with any Future KOOL MIXX Promotion.

Such "gifts with purchase" may be placed in cellophane or other packaging which

contains a Brand Name or the words "MIXX" or "House of Menthol," provided that: (i) the gift with purchase cannot be used without removing the packaging; (ii) the packaging is immediately disposable; (iii) the packaging cannot be useable for any other purpose; and (iv) the packaging is not a "collectible" item. In addition, no Brand Name or the words "MIXX" or "House of Menthol" shall be placed on any instruction booklet or other materials intended to accompany the "gift with purchase."

3. CD-ROMs

In the event that Reynolds uses CD-ROMs to advertise any Future KOOL MIXX Promotion, the following restrictions shall apply:

- a. No Brand Name or the words "MIXX" or "House of Menthol" shall appear on the CD-ROM cover or on the outside of the CD-ROM itself.
- b. The CD-ROMs may be distributed only: (i) in Adult Only Facilities; or (b) by direct mail to individuals whom Reynolds previously has determined to be Adult smokers who have agreed to receive promotional materials.
- c. The CD-ROMs may not contain the music mixing program, the human beat box feature, or the graffiti art painting program included in the 2004 MIXX CD-ROM, or other "interactive" components.
- d. The CD-ROMs may not include the performance of any songs by Hip Hop recording artists (other than specially commissioned advertising songs). This provision of this sub-paragraph would not prevent Reynolds from distributing non-branded music CDs with songs by Hip Hop recording artists as "gift with purchase" items or as promotions at Adult Only Facilities.

- e. Plaintiffs reserve the right to seek injunctive, monetary or other relief if Plaintiffs believe that any CD-ROM distributed by Reynolds in connection with any Future KOOL MIXX Promotion violates the MSA, including but not limited to the prohibitions against Brand Name merchandise, tobacco product placement in media, and Youth targeting. This includes, but is not limited to, Plaintiffs' position that CD-ROMs that refer to a Brand Name and are not limited to purely advertising and promotional content violate the MSA's Brand Name merchandise and/or tobacco product placement in media provisions (with which position Reynolds disagrees).

4. Special edition packs

In the event that Reynolds distributes "special edition" KOOL cigarette packs as part of any Future KOOL MIXX Promotion, the following restrictions shall apply:

- a. "Special edition" packs shall be distributed only in Adult Only Facilities and shall not be sold in any retail stores or by direct sales through the mail, telephone or over the Internet.
- b. "Special edition" packs shall not have multi-pack "mural" designs or be designed or marketed in a way that is likely to make them "collectible" items.
- c. "Special edition" packs shall not have designs that are particularly attractive to Youth (e.g., characters such as those found in cartoons).

5. Retail Displays

Reynolds shall not use counter or other retail displays in connection with any Future KOOL MIXX Promotion except for counter or other retail displays advertising “gifts with purchase” that comply with Paragraph 2(b) above or “buy some, get some free” offers. Such counter or other retail displays shall not contain any flashing or colored lights or holograms, or be particularly attractive to Youth. This subparagraph shall not prevent Reynolds from advertising Future KOOL MIXX Promotions at retail with posters or other forms of retail signage. Plaintiffs reserve the right to seek injunctive, monetary or other relief if Plaintiffs believe that any counter display, retail display, or poster or any other form of retail signage used by Reynolds in connection with any Future KOOL MIXX Promotion violates the MSA, including but not limited to the prohibitions against Brand Name merchandise and Youth targeting.

6. Website

Reynolds shall not create a separate website as part of any Future KOOL MIXX Promotion, and shall not authorize any third party to create a separate website or webpage as part of any Future KOOL MIXX Promotion, or to provide information about any Future KOOL MIXX Promotion on any website or webpage. Reynolds may place information about Future KOOL MIXX Promotions only on Reynolds’ KOOL brand website and provide links to such webpages from other Reynolds or third party websites, provided that: (1) such information is accessible to the public only after an age-verification screening process; and (2) such webpages do not include the program allowing visitors to “mix” songs that was included on the 2004 House of Menthol website or other “interactive” components. In addition, because Reynolds shall not sell KOOL MIXX “special edition” packs in retail stores, such webpages shall not

contain any "retail locator."

7. Magazine advertising

Reynolds shall not distribute CDs, CD-ROMs or any other KOOL MIXX promotional items in magazines sent to magazine subscribers or sold at retail. Any print advertising relating to any Future KOOL MIXX Promotion:

- a. shall not be placed on the outside back cover of any publication;
- b. shall not be placed adjacent to articles or publication content that is intended for Youth; and
- c. to the extent the advertising is placed in print mass media publications, such advertising shall be placed only in mass media publications that meet the following qualifications:
 - (i) the 12-17 year-old readership measured by Mediamark Research Inc. ("MRI") or another mutually agreed upon, reliable source is less than 15%, and the number of youth who read the publication constitutes less than 10% of all youth in the United States; or
 - (ii) if the qualifications set forth above are unavailable, the circulation/subscriber data of the publication indicate the under-21 readership is less than 15%; or
 - (iii) in the alternative, if each of the qualifications above is unavailable, then the intended audience, as stated by its editorial policy or the publication, is age 21 and over; and the editorial content or advertising is intended for individuals age 21 and over; or

(iv) in the alternative, the publication maintains a list of its subscribers that are 21 years of age or older, and such advertising is included only in copies of the publication mailed to such subscribers; provided, however, that advertising will not be placed pursuant to this clause (iv) in any magazine where the 12-17 year-old readership measured by MRI or another mutually agreed upon, reliable source is more than 25% or the number of youth who read the publication constitutes more than 10% of all youth in the United States.

8. Radio advertising

Reynolds shall not advertise any Future KOOL MIXX Promotion on college radio stations. This prohibition shall not be deemed to waive the right of Plaintiffs to assert that any radio advertising conducted by Reynolds violates the prohibitions set forth in MSA § III(a), based upon the content of that advertising and/or the audience of the particular radio station on which such advertising occurs.

9. Toll free telephone number

In the event that Reynolds uses a toll-free telephone number as part of any Future KOOL MIXX Promotion, no information, music or any other promotional message may be provided unless and until callers to that number have been screened through an age verification system at the beginning of the call.

10. "Go" cards

In the event that Reynolds distributes advertisements by hand as part of any Future KOOL MIXX Promotion, including but not limited to flyers and "go cards," no Brand Name or the words "MIXX" or "House of Menthol" shall be included on such advertisements distributed outside an Adult Only Facility.

11. Third Party Contractors

In the event that Reynolds contracts with any third party in connection with any Future KOOL MIXX Promotion, the following restrictions shall apply:

- a. Such third-party contractor shall be informed in writing of the advertising, marketing and promotional restrictions set forth in MSA § III and this Agreement.
- b. The contract shall provide that: (i) the contractor shall not violate or facilitate the violation of any of such restrictions; and (ii) any such violation shall be good cause for immediate termination of the contract by Reynolds.

IV. Monetary Payment in Support of Youth Smoking Prevention

1. Within ten business days after the entry of the last Order approving this Agreement and dismissing with prejudice the last of the Actions, Reynolds shall pay a total of \$1,460,000 to the CDC Foundation, the National African American Tobacco Prevention Network, the American Lung Association of Metropolitan Chicago, and the Bobby E. Wright Community Health Center, in amounts to be specified by Plaintiffs.

2. The funds paid pursuant to Paragraph IV(1) above shall be used only for youth smoking reduction and prevention purposes, with a focus on programs providing youth smoking reduction and prevention services in urban communities, particularly in those states where the 2004 KOOL MIXX DJ Competitions were held. The entities receiving such funds may retain reasonable and necessary costs of administering such funds for such purposes. The entities receiving such funds shall provide a report describing the use of such funds to Plaintiffs and Reynolds on October 1, 2005, and every year thereafter until such funds are fully expended.

Such report shall include a written certification: (a) that the funds have been used solely for youth smoking reduction and prevention purposes; and (b) that the funds have been used to supplement, and not supplant, amounts that the organization otherwise would have expended for youth smoking reduction and prevention purposes.

3. The funds paid pursuant to this Section IV shall supplement, and not supplant, amounts that Reynolds otherwise would expend for youth smoking reduction and prevention purposes, including but not limited to funds expended by Reynolds in support of the "Right Decisions, Right Now" program, the "Jaycees Against Youth Smoking" program, the "Wake Up. Live Big. Be Smoke-Free" program, and the Coalition for Responsible Tobacco Retailing, Inc.

4. Within ten business days after entry of the last Order approving this Agreement and dismissing with prejudice the last of the Actions, Reynolds also shall pay a total of \$40,000 to cover the total costs incurred by Plaintiffs in investigating the 2004 KOOL MIXX Promotion and in litigating the Actions.

5. Plaintiffs and Reynolds agree that the amounts set forth in Paragraphs IV(1) and IV(4) are intended to satisfy all monetary obligations in all Actions.

6. In the event that Reynolds at any time issues any public statement (including without limitation a press release, annual report, newsletter, sign, or written or oral presentation to a community group or governmental agency or official) regarding the payments made pursuant to Paragraph IV(1) above, Reynolds shall include the statement that the funding was provided as part of the resolution of litigation commenced by the Attorneys General of New York, Illinois and Maryland.

V. Release and Discharge

1. New York, Maryland and Illinois now and forever release and discharge Reynolds and Brown & Williamson and their respective past and present affiliates, parents, predecessors, subsidiaries, employees, officers, directors, attorneys, representatives, agents, successors and assigns of and from any and all claims (including without limitation, claims for attorneys' fees, costs, damages or restitution), debts, liabilities, demands, obligations, costs, fees, expenses, charges, grievances, damages, actions and causes of action whatsoever, known, unknown, discovered, undiscovered, suspected or unsuspected, which New York, Maryland and Illinois owns, holds or has owned or held, based upon the allegations of the Actions.

VI. Miscellaneous Provisions

1. Plaintiffs and Reynolds expressly acknowledge and agree that this Agreement is voluntarily entered into as a result of arm's-length negotiations, and all Parties hereto were represented by counsel in deciding to enter into this Agreement.

2. The Parties understand and acknowledge that this Agreement constitutes a compromise and settlement of disputed claims. This Agreement is not intended to be, and shall not in any event be construed as, or deemed to be, an admission or concession or evidence of any liability or wrongdoing whatsoever on the part of Reynolds.

3. The provisions of this Agreement shall apply to Reynolds and Brown & Williamson and their respective past and present affiliates, parents, predecessors, subsidiaries, employees, officers, directors, attorneys, representatives, agents, successors and assigns.

4. In any proceeding which results in a finding that Reynolds violated this Agreement, Reynolds shall pay Plaintiffs' costs and attorneys' fees incurred in such proceeding.

5. The rights and remedies in this Agreement are cumulative and in addition to any other rights and remedies that Plaintiffs may have at law or equity, including under the MSA and Consent Decrees. This Agreement does not waive or limit any rights or remedies that Plaintiffs have under the MSA and the Consent Decrees, and Plaintiffs may seek relief for any violations of this Agreement, the MSA or the Consent Decrees relating to any Future KOOL MIXX Promotion.

6. This Agreement shall be governed by and construed in each of New York, Maryland and Illinois in accordance with the laws of the States of New York, Maryland and Illinois, respectively, without reference to their conflict of laws rules.

7. This Agreement constitutes the entire agreement between the Parties pertaining to its subject matter and supersedes any and all prior and/or contemporaneous oral or written negotiations, agreements, representations, and undertakings, other than the MSA and the Consent Decrees. The Parties, and each of them, understand that this Agreement is made without reliance upon any inducement, statement, promise, or representation other than those contained within this Agreement. This Agreement may not be altered, amended, modified or otherwise changed in any respect or particular whatsoever, except by a writing duly executed by the Parties to this Agreement or their authorized representatives. The Parties acknowledge and agree that this Agreement shall not become final and binding until finally approved by the New York Supreme Court, the Circuit Court for Baltimore City, and the Circuit Court of Cook County, Illinois, and until the entry of orders dismissing with prejudice all the Actions.

8. This Agreement may be executed in telecopied counterparts, each of which will constitute an original but all of which taken together shall constitute one and the same document.

DATED: October 5, 2004

R. J. REYNOLDS TOBACCO COMPANY

By: Charles A. Blixt
Name: Charles A. Blixt
Title: Executive Vice President and General Counsel

BROWN & WILLIAMSON TOBACCO CORPORATION (n/k/a BROWN & WILLIAMSON HOLDINGS, INC.)

By: _____
Name: Timothy Hazlett
Title: President

THE STATE OF NEW YORK and
ELIOT SPITZER

By: _____
Name: Christine Morrison
Title: Assistant Attorney General

THE STATE OF MARYLAND by
J. JOSEPH CURRAN, JR.
Attorney General of Maryland

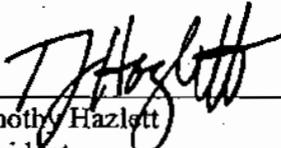
By: _____
Name: Marlene Trestman
Title: Special Assistant to the Attorney General

DATED: October 5, 2004

R. J. REYNOLDS TOBACCO COMPANY

By: _____
Name: Charles A. Blixt
Title: Executive Vice President and General
Counsel

BROWN & WILLIAMSON TOBACCO
CORPORATION (n/k/a BROWN &
WILLIAMSON HOLDINGS, INC.)

By:  _____
Name: Timothy Hazlett
Title: President

THE STATE OF NEW YORK and
ELIOT SPITZER

By: _____
Name: Christine Morrison
Title: Assistant Attorney General

THE STATE OF MARYLAND by
J. JOSEPH CURRAN, JR.
Attorney General of Maryland

By: _____
Name: Marlene Trestman
Title: Special Assistant to the Attorney General

DATED: October 5, 2004

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By: _____
Name: Charles A. Blixt
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By: _____
Name: Timothy Hazlett
Title: President

THE STATE OF NEW YORK and ELIOT SPITZER

By: Christine C. Morrison
Name: Christine Morrison
Title: Assistant Attorney General

THE STATE OF MARYLAND by J. JOSEPH CURRAN, JR. Attorney General of Maryland

By: _____
Name: Marlene Trestman
Title: Special Assistant to the Attorney General

DATED: October 5, 2004

R. J. REYNOLDS TOBACCO COMPANY

By: _____
Name: Charles A. Blixt
Title: Executive Vice President and General Counsel

BROWN & WILLIAMSON TOBACCO CORPORATION (n/k/a BROWN & WILLIAMSON HOLDINGS, INC.)

By: _____
Name: Timothy Hazlett
Title: President

THE STATE OF NEW YORK and ELIOT SPITZER

By: _____
Name: Christine Morrison
Title: Assistant Attorney General

THE STATE OF MARYLAND by J. JOSEPH CURRAN, JR. Attorney General of Maryland

By: Marlene Trestman
Name: Marlene Trestman
Title: Special Assistant to the Attorney General

THE PEOPLE OF THE STATE OF ILLINOIS by
LISA MADIGAN
Attorney General of Illinois

By: Benjamin C. Weinberg
Name: Benjamin C. Weinberg
Title: Assistant Attorney General

Exhibit L

NATIONAL ASSOCIATION OF ATTORNEYS GENERAL
2030 M STREET, N.W., 8TH FLOOR
WASHINGTON, D.C. 20036
(202) 326-6006
(202) 521-4052
<http://www.naag.org>

CHRISTOPHER TOTH
Acting Executive Director

November 21, 2007

PRESIDENT
LAWRENCE WASDEN
Attorney General of Idaho

PRESIDENT-ELECT
PATRICK C. LYNCH
Attorney General of Rhode Island

VICE PRESIDENT
JON BRUNING
Attorney General of Nebraska

IMMEDIATE PAST PRESIDENT
THURBERT E. BAKER
Attorney General of Georgia

Via Facsimile and US Mail

Martin L. Holton
Senior Vice President and General Counsel
R. J. Reynolds Tobacco Company
401 N. Main Street
Winston-Salem, NC 27102

Dear Mr. Holton,

We write to express our serious concerns over R.J. Reynolds' recent advertisement for Camel cigarettes, as part of its "The Farm - Free Range Music" marketing campaign, that appeared in the November 15, 2007 "Fortieth Anniversary" Issue of *Rolling Stone* magazine. In view of the significant, unresolved issues we and representatives of other states discussed with you during our meeting in Seattle, Washington, on October 16, we are disturbed by R.J. Reynolds' ongoing misconduct under the MSA's public health permanent relief provisions.

Specifically, in this most recent incident R.J. Reynolds has violated the MSA's prohibition in Section III(b) against "us[ing] or cau[sing] to be used any Cartoon in the advertising [or] promoting" of cigarettes. Both the "Indie Rock Universe" Special Gatefold, and the Camel Farm advertisement to which it is inextricably attached, contain Cartoons, as defined in MSA Section II(I), that R.J. Reynolds is using or is causing to be used in the advertisement and promotion of Camel cigarettes in contravention of MSA Section III(b).

Accordingly, we request that R.J. Reynolds provide us, no later than close of business on Monday, November 26, 2007, a written response stating R.J. Reynolds' agreement to the following:

1. The advertisement in question contains "Cartoons" as defined by Section II(I) and the use thereof in advertising RJR's products is in violation of Section III(b).

Martin L. Holton
November 21, 2007
Page 2 of 2

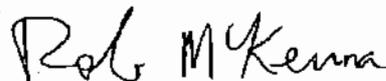
2. R.J. Reynolds agrees immediately and permanently to cease and desist from using or causing to be used in the future the advertisement in question or any similar advertisement.

It will not be sufficient for R.J. Reynolds to indicate, assuming it is the case, that R.J. Reynolds currently has no intention of running the advertisement in question or similar advertisements in the future. We seek R.J. Reynolds' unconditional admission that this conduct violates the MSA's prohibition against the use of Cartoons and R.J. Reynolds' unqualified assurance that it will immediately cease and will never repeat this prohibited conduct.

Sincerely,



Terry Goddard
Attorney General of Arizona
Tobacco Committee Co-Chair



Rob McKenna
Attorney General of Washington
Tobacco Committee Co-Chair

Exhibit M

RJReynolds

Martin L. Holton III
Senior Vice President,
General Counsel and Secretary

P.O. Box 2959
401 North Main Street
Winston-Salem, North Carolina 27102

Phone: (336) 741-0644
Fax: (336) 741-0671

FACSIMILE COVER PAGE

TO: Terry Goddard, Esquire
Rob McKenna, Esquire
National Association of Attorney
Generals

FAX: 202-521-4052

DATE: 11-28-2007

TOTAL PAGES: 4 (INCLUDING FAX COVER SHEET)

The Camel Farm advertisement is not included in this fax. It will be in the overnight package you receive on November 28.

THE MESSAGE AND/OR INFORMATION WHICH ACCOMPANIES THIS FACSIMILE COVER SHEET IS INTENDED FOR THE ADDRESSEE NAMED ABOVE ONLY. IF YOU ARE NOT THE INTENDED RECIPIENT, PLEASE CONTACT THE SENDER BY COLLECT TELEPHONE AT THE NUMBER INDICATED. YOU WILL BE ADVISED REGARDING THE DISPOSITION OF WHAT YOU HAVE RECEIVED. THE MISDELIVERY OF THE MESSAGE AND/OR INFORMATION WHICH ACCOMPANIES THIS FACSIMILE COVER SHEET IS NOT INTENDED TO BE AND SHALL NOT CONSTITUTE A DISCLOSURE OF TRADE SECRETS, OF ATTORNEY WORK PRODUCT OR OF AN ATTORNEY-CLIENT COMMUNICATION. NO WAIVER OF ANY PRIVILEGE IS INTENDED.

THANK YOU FOR YOUR ATTENTION TO THIS STATEMENT.

PLEASE CALL IF THERE ARE PROBLEMS WITH THIS TRANSMISSION.

Sent By: Wanda Hunter, RJRT Law Department Phone: (336) 741-5634

RJReynolds

Martin L. Holton III
Senior Vice President,
General Counsel and Secretary
336-741-0644
336-741-0671 Fax
holtonm@rjrt.com

Via UPS Overnight and Fax 202-521-4052

November 28, 2007

Honorable Terry Goddard, Co-Chair
Honorable Rob McKenna, Co-Chair
Tobacco Committee
National Association of Attorneys General
2030 M Street 8th Floor
Washington, D.C. 20036

Re: Camel Farm Advertisement in Rolling Stone Magazine

Dear Generals Goddard and McKenna:

I am in receipt of your November 21, 2007 letter and appreciate the opportunity to address your concerns regarding the Camel Farm advertisement in the November 15, 2007 Rolling Stone. I share your concern over this situation and, as explained below, while we did not cause or intend it, I will consider whether there are measures the company can take to help avoid it in the future.

The Camel Farm advertisement at issue is adjacent to an editorial gatefold focusing on independent music called "Indie Rock Universe." The Indie Rock Universe editorial gatefold was independently illustrated and created by Rolling Stone and contained no content previewed, prepared by or paid for by R.J. Reynolds Tobacco Company (RJRT). Other than being aware that the topic of Rolling Stone's gatefold editorial would be independent rock music, RJRT had no advance knowledge about the content or graphic format of Rolling Stone's gatefold. As the publisher, Ray Chelstowski, confirms in the attached letter dated November 21, 2007: "Camel was not involved in any way in the development of the editorial content. Rolling Stone provided Camel with a copy of the editorial section for the first time after the unit had been printed." In fact, RJRT previously purchased a gatefold advertisement for Camel cigarettes in the July 12, 2007 issue of Rolling Stone magazine. (See attached.) The Camel brand expected editorial content comparable to that inside the July 12 gatefold when it purchased similar ad space in the November 15th Rolling Stone. Thus, as the facts described above make clear, RJRT did not "use or cause to be used any Cartoon in the advertising [or] promoting" of cigarettes, as prohibited in MSA § III(b).

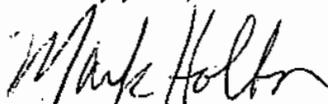
All of this said, the juxtaposition of the Camel Farm advertising with the Rolling Stone gatefold was unfortunate, and I assure you that we were surprised and concerned

Honorable Terry Goddard
Honorable Rob McKenna
November 28, 2007
Page 2

when the issue was published. Had RJRT been aware in advance of the graphics prepared by Rolling Stone, the brand group would not have advertised adjacent to this gatefold. While we have previously advised you that we will no longer be engaging in any consumer newspaper and magazine print advertising for cigarette brands marketed by RJRT in 2008, I will, nevertheless, consider whether there are measures RJRT can take to help avoid a recurrence of this situation.

Thank you for the opportunity to address this issue. I trust that this incident will not detract from our mutual goal of establishing a more constructive relationship. Please do not hesitate to contact me if you have any further questions.

Sincerely yours,



Martin L. Holton III

MLH/wh

Enclosures

Rolling Stone

November 21, 2007

JoAn Williard
Sr. Department Manager
Media/Marketing Operations
R.J. Reynolds Tobacco
401 N Main Street
Winston-Salem, NC 27102

Re: Camel's Welcome to the Farm Ad

Dear JoAn:

As discussed the following provides some facts with regard to Camel's advertising placement in Rolling Stone's November 15, 2007 issue.

Camel's advertising initiative supporting their involvement with The Farm surrounds a special editorial foldout section entitled "The Indie Rock Universe." This editorial piece is included on our Table of Contents page (pg 18) and as indicated begins on page 65. Camel's first ad runs opposite on page 64.

On page 65, we clearly indicate that this is edit through our signature at the bottom of the page that reads: "Rolling Stone, November 15, 2007". Nowhere on Camels four page ad play is there a reference to Rolling Stone nor is there anything that encourages readers to open the Camel ad to reveal more editorial or more content.

The Camel ads are composed of various photographs while the Rolling Stone edit gate is entirely illustration. Moreover Camel, The Farm, and the bands promoted on the Farm website are not mentioned at all in this Rolling Stone editorial piece.

Rolling Stone told Camel that their advertising would surround an editorial gatefold centering on independent music, but Camel was not involved in any way in the development of the editorial content. Rolling Stone provided Camel with a copy of the editorial section for the first time after the unit had been printed. Similarly, Rolling Stone editors were not involved in the creation of the Camel advertising and only saw the Camel creative after the gate had been shipped for printing. Please contact me with any other questions or concerns you may have regarding this issue.

Sincerely,

Ray Chelstowski


Publisher, *Rolling Stone*
(212) 484-4315

1290 Avenue of the Americas
New York, NY 10104

Exhibit N

Playing to Win: Marketing and Public Policy at Odds over Joe Camel

Joel B. Cohen

This article is based on the 1998 testimony the author provided for In the Matter of R.J. Reynolds Tobacco Company as an expert witness for the Federal Trade Commission. After providing an overview of the Joe Camel campaign and the Federal Trade Commission's investigation of it, the author considers consumer protection issues that provide a perspective for assessing Reynolds's acts and practices. He then focuses on an analysis of Reynolds's competitive position in the cigarette marketplace and why that was likely to influence subsequent marketing strategy and the development of the Joe Camel campaign. The author next discusses the campaign at some length before returning to an explicit assessment of the campaign and the types of criteria that might be adopted for this purpose.

More than one in five deaths in the United States, totaling over 400,000 people each year, are estimated to result from cigarette smoking, and the earlier smoking begins, the greater is the mortality risk (Centers for Disease Control 1993; McGinnis and Foege 1993). Of the approximately 3000 people who start smoking each day and continue into adulthood, more than 80% have their first cigarette when they are under 18 years of age, and more than half become regular smokers by that time (U.S. Department of Health and Human Services [USDHHS] 1994). Believing that marketing cigarettes so as to make them attractive to adolescents posed significant health risks, the Food and Drug Administration (FDA) (1995) and the Federal Trade Commission (FTC) launched separate initiatives; the former's was a far more sweeping challenge to the sale and distribution of cigarettes, and the latter's was a formal complaint charging R.J. Reynolds with violations of the FTC Act in the Joe Camel campaign. In a 5-4 decision, the U.S. Supreme Court recently ruled that Congress had not given the FDA the necessary authority to regulate cigarettes. The remainder of this article focuses on the Joe Camel cam-

paign and issues that have been raised about both Reynolds's acts and practices, per se, and the FTC's burden of proof under its Section 5 "unfairness" authority. I begin with a brief overview of the campaign.

The Joe Camel campaign was a \$2.5-billion national advertising and promotional campaign that was launched in 1987 and ran for approximately 10 years. For 20 years preceding the Joe Camel campaign, Camel's share of the overall cigarette market fell by 50%, from 9.2% to 4.3%, and its share among 18-24-year-old smokers had been steadily declining as well (to about 3.2% of the market in 1986). The prior campaign featured Bob Beck as solitary adventurer, and the brand was perceived as rather harsh and was smoked primarily by older men. In search of a new theme for Camel's upcoming 75th birthday promotion, marketing executives noted a positive response to a stylized poster featuring a French camel that had previously been used in Europe. In the new campaign, the camel emerged as a character (Joe Camel) that was featured in magazine and billboard advertisements that showed Joe and his friends in a variety of situations likely to appeal to a younger audience. The campaign also was characterized by an extensive use of free merchandise (T-shirts, beach gear, and the like), as well as free cigarette packs, all featuring the cartoon character.

Several years into the campaign, preliminary evidence obtained by the FTC indicated that Camel's brand share of smokers below the legal smoking age was increasing rapidly and the incidence of new smoking was showing a parallel increase. In 1990, the FTC issued a comprehensive Civil Investigative Demand for many of Reynolds's documents to determine whether evidence existed indicating that Reynolds had specifically targeted children and adolescents. In 1991, several highly publicized articles appearing in the *Journal of the American Medical Association* seemed to suggest a significant effect of the Joe Camel campaign on children and adolescents (for an insightful discussion of their impact, see the companion article by Calfee [2000]). The FTC staff investigation considered both published and unpublished research (including research commissioned by Reynolds) that might establish a link between the campaign and increased underage smoking in order to meet the

JOEL B. COHEN is Distinguished Service Professor of Marketing and Adjunct Professor of Anthropology, University of Florida. Professor Cohen has advised the Federal Trade Commission (FTC) on cigarette warning information, provided testimony on cigarette advertising to Senate and House subcommittees, served as a peer reviewer for the 1989 Surgeon General's Report, and conducted a nationwide survey on consumer perceptions of FTC tar ratings for the National Cancer Institute. He provided expert witness testimony in *Cipollone v. Liggett et al.* and *RJR-MacDonald v. The Attorney General of Canada* before his involvement in the FTC's investigation into the Joe Camel campaign. Although the FTC staff played no role in the development of this article, it would not have been possible without the sustained efforts of dedicated attorneys who investigated the Joe Camel campaign and the FTC's acquisition of the documents relied on in this article. In addition to thanking these people both collectively and individually, the author thanks Craig Andrews for his insights and vision in bringing together this article and the outstanding companion article by Jack Calfee.

Commission's evidentiary burden under a revised FTC policy for cases based on unfair acts and practices. The investigation ended in June 1994 when the Commission indicated that the record did not provide a reason to believe that the law had been violated and voted not to issue a complaint.

In 1997, the FTC reopened the prior investigation and charged that Reynolds's Joe Camel campaign violated federal law by promoting an addictive and dangerous product and succeeding in appealing to children and adolescents under 18 years of age by inducing them to begin smoking or continue smoking after initial trial and thereby risk significant injury.

After the FTC's presentation of its case, both sides filed motions to dismiss. In January 1999, the Commission ruled that a recent master settlement between the major tobacco companies and the attorneys general for 46 states (which included a prohibition on the use of all cartoon characters, including Joe Camel, in the marketing of tobacco products) accomplished the most important elements of relief set out in the Commission's notice order and that the public interest warranted dismissal of the complaint.

During the discovery process, hundreds of subpoenaed documents from Reynolds and documents made public as a consequence of several state lawsuits and private litigation were made available to me. The present article and the testimony itself are based on the picture that emerges out of the combined set of the documents I reviewed.¹ Although this documentary evidence is extensive, it does not represent the totality of the information potentially available about the Joe Camel campaign. Nor did I attempt to conduct my own, independent investigation of Reynolds's activities (such as through personal interviews of Reynolds's employees, outside advertising industry personnel, and research suppliers) to link particular documents to specific actions taken by individuals working on the Joe Camel campaign. Thus, there may be other perspectives on the genesis of the Joe Camel campaign and its goals, strategies, and effects, notwithstanding the evidence relied on in this article.

Consumer Protection and the FTC Unfairness Burden

The companion article by Jack Calfee (2000) presents some of the data available to examine the link between Reynolds's advertising expenditures and changes in adolescent smoking behavior. The backdrop for his presentation is a legal standard initially modified by an FTC policy statement and then codified into a revision of Section 5 of the FTC Act by Congress in 1994. The precise legal burden this change imposes on the FTC is a matter of some dispute (as is discussed in more detail subsequently), and these issues can be resolved only by a judicial challenge to an FTC finding of fact, something that cannot occur in this situation because the case was dismissed by the Commission.

¹All documents referenced in this article bear the CX number assigned to them for identification purposes. Most were part of the testimony I presented at the FTC hearing on this matter. Some documents have titles, but many do not, and I have not attempted to assign my own titles to them lest I mischaracterize them. Readers seeking to review particular documents should refer to them by CX number in correspondence to either of the parties.

Were Reynolds's view of the FTC burden to be substantiated, the FTC would need to demonstrate that, to be legally unfair, an act or practice must be causally connected to some unavoidable and substantial injury that is not outweighed by countervailing benefits to consumers or competition. Under the most favorable interpretation of the revised Section 5 (from the standpoint of the FTC), the Commission would need to prove that an act or practice contributes to the likelihood of such injury for many people (though it may not be the sole or even the most important cause). Leaving aside differing conceptions of when injury occurs (e.g., after experimenting with cigarettes, after becoming a regular smoker and incurring increased health and mortality risks, after smoking for some length of time) and the avoidability of the actual injury before its eventual time of occurrence (possibly after years of smoking), proof of a causal connection presents difficult challenges.

Can it be known what the incidence of smoking among adolescents would be, there but for Joe Camel? Would anti-smoking efforts have been more successful without Joe Camel? If so, how should only a slight increase in adolescent smoking or even a slight decrease over the campaign's duration be interpreted? Have any other time periods or places so closely incorporated the particular set of pro- and antismoking factors that existed between 1987 and 1998 that making comparative inferences is justified? In the absence of a controlled experiment, even the best statistical analyses of the data available are not likely to meet rigorous scientific standards for establishing causality. Is this what Congress intended? Are courts equipped to sift through a bewildering array of conflicting data sets, moderator variables, and methods of analysis to decide such issues?

Although Calfee makes his usual persuasive case for raising the evidentiary bar for unfairness to such a level, he skirts the difficulties and fails to point out that the lack of unequivocal evidence of causality may penalize society at the same time as it emboldens firms to engage in acts and practices that many would describe as unethical or unscrupulous.² I have elected to focus on Reynolds's acts and practices themselves, as reflected in the Joe Camel campaign, largely because I believe it is appropriate to hold companies responsible for their actions, particularly when these actions have foreseeable consequences. To be succinct, I consider it sufficiently egregious, as well as counter to public policy, to entice or take actions likely to entice adolescents to use an addictive product proven to reduce life

²Although Calfee (2000) does not explicitly identify how the "hard data" he discusses would satisfy the FTC's causality burden under the revised Section 5, privileged communications from Reynolds's attorneys have made it clear that they are prepared to argue—with sound case law as precedent—that even if there were proof of a temporal relationship between Joe Camel advertising and increases in underage smoking, that would not satisfy such a causality test. One event preceding another is not sufficient to prove that the former event caused the second. Given that it is not possible to run a controlled experiment to establish causality, there would be no possibility of meeting the Commission's burden as it is understood by Reynolds. Accordingly, although other correlational evidence is available in addition to that discussed by Calfee, in total, the evidence can be considered equivocal (depending on what studies are given the greater weight) or even fatally flawed (depending on how correlational evidence is interpreted in light of the causality burden now imposed on the FTC).

expectancy, regardless of how effective these efforts may be. Analogously, companies whose actions would cheat or harm others cannot be excused because of difficulties encountered in bringing about a foreseeable and injurious result or because of the fortuitous intervention of some third party. After reviewing the Joe Camel campaign in more detail, I return to a consideration of alternative criteria that could be used to assess Reynolds's actions and effects.

Reynolds's Competitive Position

Throughout the 1970s, Reynolds's officials expressed great concern over the company's deteriorating market position, especially compared with Philip Morris. Several internal documents, including planning and strategy papers and internal correspondence, bemoan Reynolds's lack of strength among younger smokers and point to the growing importance of the 14–24 age group (e.g., CX 50, CX 52, CX 56, CX 61, CX 63, CX 65, CX 759, CX 791). These documents tell a story of "slow market share erosion for us in the years to come unless the situation is corrected" (CX 50-C). There must be, "direct advertising appeal to the younger smokers" (CX 50-D). Reynolds had tracked data on children aged 14–17 years that had been supplied to them by National Family Opinion and had noted changing brand and product preferences in this age group (CX 1463, CX 60). A 1974 memo indicates that "most smokers begin smoking regularly and select a usual brand at or before the age of 18" (CX 48). A 1975 internal memo states that "[t]o ensure increased and longer-term growth for Camel Filter, the brand must increase its share penetration among the 14–24 age group which have a new set of more liberal values and which represents tomorrow's cigarette business" (CX 52). As Reynolds's competitive situation deteriorated further (e.g., in 1976 an internal memo reported that Philip Morris posted a four-point gain among 14–17-year-old smokers, whereas Reynolds lost two points; CX 61), the initial version of Reynolds's comprehensive document, "Planning Assumptions and Forecasts for the Period 1977–1986," was quite specific about the situation: "Evidence is now available to indicate that the 14 to 18 year old group is an increasing segment of the smoking population. RJR-T must soon establish a successful new brand in this market if our position in the industry is to be maintained over the long term" (CX 56-P, emphasis in original).³

Between 1979 and 1983, Reynolds lost more than seven market share points to its main competitor, Philip Morris (CX 8, CX 697). Internal documents identify Reynolds's major problem as a lack of success with beginning smokers who were in the process of choosing a usual brand. These analyses make the following key points:

- Less than one-third of smokers start after the age of 18 years (CX 1430, CX 345, CX 95).
- When people choose their first usual brand, they become intensely brand loyal: Only 2%–3% of smokers switch brands annually, and brands almost never gain more than .1% of market share from switching (CX 1049).
- Marlboro and Newport dominated 75% of the 18–20-year-old smokers, creating a "limited supply of brand switchers" (CX 1430-F).
- First-usual-brand smokers are the driving force behind success in the cigarette market (only a small percentage of such smokers switch outside of their brand families; CX 1507), and convincing young smokers to select a brand as their first usual brand essentially guarantees that the cigarette marketer will reap a long-term sale benefit because of brand loyalty and increased usage over time. Preemptive loyalty among adult smokers 18–24 was deemed critical to long-term business success (CX 1112).

As a result of such analyses, a goal was established to raise Reynolds's share of the 18–20 market from 13.8% to 40% "ASAP" (CX 345-H; see also CX 1430-J). Because, as Reynolds knew, the vast majority of 18–20-year-old smokers start smoking before age 18 and are intensely brand loyal ("Although switchers can be important in the near-term market, *loyalty* and thus FUB [first usual brand] smokers, are the driving force over the long term" [CX 8-C, emphasis in original]), it follows logically that the only way to achieve this magnitude of growth would be to develop a product and marketing campaign likely to be particularly effective with consumers under 18 years of age who have not yet chosen a first usual brand.

The FUBYAS Fiction

When the "logical" target market became evident, internal documents gave it a name. The market was no longer first-usual-brand smokers. Instead, it became first-usual-brand young adult smokers (FUBYAS): people aged 18–20 and sometimes 18–24 years who were described as "younger adults who are already smokers but have reached the stage of choosing a first *usual* brand" (CX 8-B, emphasis in original). It is conceivable, of course, that nobody under 18 years of age was to be targeted and that the 18th birthday became a magical point in time for doing so. However, this would make little economic sense, given the competitive problems and share of market goals discussed previously, because most smokers have begun smoking several years earlier than that and likely would have become brand loyal (to competitors) by age 18. Also, how would it be possible to shield underage adolescents from any campaign targeted to first-usual-brand smokers, in order to meet an 18-year-old and over requirement?

By the mid-1980s, internal documents appear to be written in a code fit for public consumption: "market renewal stems almost entirely from 18 year old smokers.... The annual influx of 18 year old smokers provides effortless momentum for brands having strong appeal with this group" (CX 926-C); "The majority become regular smokers before age 18, but are still 'new' to our 18+ market at age 18" (CX 1112-F). The reality of the situation continued to be well understood: "Future opportunities among younger adult

³It is interesting that in subsequent revisions of this planning document this pointed language disappears. This could suggest either a rejection of this course of action or an effort to sanitize potentially troublesome language. A July 1980 interoffice memo to then president and chief executive officer Edward J. Horrigan seems inconsistent with the former interpretation. This memo refers specifically to the loss of market share among 14–17-year-old smokers and adds, "Hopefully, our various planned activities that will be implemented this fall will aid in some way in reducing or correcting these trends" (CX 65).

smokers [are] dependent upon displacing Marlboro as the first usual brand" (CX 33-S).⁴

In prepared remarks for a 1990 (post-Joe Camel introduction) talk, Reynolds's president Jim Johnston said, "Our research shows that the brand a smoker first chooses is usually his or her brand for many years. So we and the other cigarette companies compete fiercely to have a strong share of market among younger adult smokers" (CX 93-F). Johnston is quite specific about the arithmetic of the cigarette marketplace: "About 800,000 smokers age 18 and over enter the market each year. One point five million leave the market. So we're currently in a period where there is a net decline of 700,000 smokers per year." He then added, "Reynolds now gains fewer new smokers than Philip Morris, our chief competitor. And because of the age of our franchise we have a higher percentage of quitters. That's the main problem we're trying to correct. And we're beginning to make some headway" (CX 93-G). The bottom line, then, is that Reynolds well understood that its future success hinged on attracting a much higher proportion of new smokers, and calling them young adult smokers seems intended only to provide legal cover for the first-usual-brand marketing strategy.

The Joe Camel Campaign

Considerable research has been conducted on why adolescents start smoking, and both the research literature and cigarette industry spokespersons are virtually unanimous in identifying peer acceptance and peer influence as the dominant factor (e.g., Conrad, Flay, and Hill 1992; USDHHS 1994). Comparatively few enjoy the taste or respond strongly to oral gratification. Although an in-depth review of this literature is beyond the scope of this article, the following statement from a Philip Morris executive cogently summarizes the overwhelming consensus: "There is general agreement on the answer to the first [question, Why does a person begin to smoke?]. The 16-20-year old begins smoking for psychosocial reasons. The act of smoking is symbolic; it signifies adulthood, he smokes to enhance his image in the eyes of his peers" (FDA 1995).

Similar statements appearing in Reynolds's documents identify psychosocial factors, especially peer acceptance, as the basic motivation for persuading a "pre-smoker to try smoking" and state that these factors also "sustain the beginning smoker during the largely physically awkward and unpleasant 'learning to smoke' phase" (CX 43-G). It is well understood that part of being a teenager is a propensity to experiment with many adult, risky, and nonsanctioned behaviors; so the emphasis is less on why people experiment with a few cigarettes than on why they become regular cigarette smokers. To attempt to shed light on this issue, I turn to research carried out by Reynolds.

⁴In-house counsel prepared a legal orientation manual in January 1980, stating, "All written material, whether internal or external, confidential or non-confidential, should be drafted as if it might be printed the next day on the front page of a nationally known newspaper. We would also suggest that much of your business be conducted orally" (CX 598). A 1990 memo added, "[W]e must operate with the knowledge that anything we write, say, or do, can become 'public knowledge' over night" (CX 1617).

Pre-Joe Camel Research

The William Esty Advertising Company had carried out research on high school students for Reynolds in the 1950s (including what brands they smoked, when they started smoking, why they smoked, and health concerns; CX 715). Esty continued to supply Reynolds with information into the 1970s, including a report, "What Causes Smokers to Select Their First Brand?" (CX 25). Esty also indicated that more than 50% of males begin smoking regularly at 17 years of age or younger and identified peer influence as a significant factor in that decision (CX 25). Esty's research made two key points: Young smokers "wear" their cigarette, and their cigarette is an important element of their "I" (CX 25-E). These concepts are the cornerstones of a symbolic interaction/impression management analysis of peer group influence, which I discuss in greater detail subsequently. Thus, as early as 1974, Reynolds had knowledge that it could promote its brands to youths as a way for them to establish the identity they wished to portray.

Esty's analysis made an impression in Reynolds's marketing research department, as is indicated by an internal memo (CX 49) whose stated purpose was to answer the question, "What causes smokers to select their first brand of cigarette?" The memo repeated and extended the Esty analysis: "To some extent young smokers 'wear' their cigarette and it becomes an important part of the 'I' they wish to be, along with their clothing and the way they style their hair" (CX 49-E).

This concept was further refined over the next ten years. Individual in-depth interviews and focus group research conducted on behalf of Reynolds added further richness to this analysis. A 1981 study told Reynolds that

- Reactions to peer pressure form a strong motivation toward beginning to smoke cigarettes.
- This often occurs during the early high school years.
- A desire to feel part of a group is important for many people. If they do not join in smoking cigarettes, they are concerned that they will be rejected from the social group. Cigarette smoking, then, often becomes a type of linkage or bonding among friends within the group (CX 2147).

A 1984 marketing development department memo adds, "Specifically, Camel would help out as a prop or symbol of belonging to a special class or group which is different from other peer groups" (CX 1511-B). The concept of wearing the cigarette is identical to the concept, also discussed in 1984 (CX 8), that the brand of cigarette chosen by young smokers was a prop. Furthermore, although subsequent documents typically refer to FUBYAS or simply young/younger adults, Reynolds understood both that most people begin to smoke as adolescents and that "younger (14-18-year-old) smokers" have a "higher susceptibility" to peer pressure (CX 759-A).

Peer Acceptance, Props, and Impression Management

Many readers no doubt will have already linked the previous analysis to the extensive psychological and consumer behavior literature derived from theories of symbolic interaction (for extended discussions and references, see Leary and Kowalski 1990; Schlenker and Weigold 1989; Solomon

1983). Some of the key points made in this literature are that people's sense of self depends in part on how others respond to them: "The individual's self-concept is largely a result of others' appraisals, both imagined and actual" (Solomon 1983, p. 323).

As discussed by Schlenker and others (e.g., Leary and Kowalski 1990; Schlenker 1980; Schlenker and Weigold 1989), impression management theory explains how people monitor their audiences to receive feedback about how they are perceived and how they attempt to adjust others' perceptions by altering their behaviors and using various props. Goffman (1959) previously described such behavior using the analogy of an actor moving from a private backstage setting to an onstage role in which it is essential for the audience to view the actor as the person they expect to see. As if adhering to the old adage, "clothes make the man," people come to understand how to modify their behavior and manipulate symbols so as to meet their interpersonal goals.

Adolescents can no longer rely on the presumably supportive feedback of parents in judging where they fit into the all-important world of peers, who (frequently by middle school and certainly by high school) typically assume monumental significance for the teenager. Intensifying adolescents' concerns over how others will assess them and respond to them is a deficit in self-confidence, as teenagers begin to explore uncharted, unfamiliar waters in the company of peers, some of whom will be slightly older and already well accepted. Teenagers' often fragile sense of self thus creates a vulnerability to peer group acceptance that produces an even stronger motivation to engage in self-presentation (e.g., Leary, Tchividjian, and Kraxberger 1994). Solomon (1983) explains that the use of props to control the impression being made on others is most likely to occur when a discrepancy exists between people's self-image and the idealized image they wish to project (e.g., cool, self-confident, risk-taking, irreverent). Solomon's (1983, p. 325) example of "adolescent boys' use of such 'macho' products as cars, clothing, and cologne to bolster developing and fragile masculine self-concepts" applies equally well to their use of cigarettes. Solomon sums up the situation well when he describes teens' behaviors in terms of a search for cues from their peers and from advertising for the right way to look and behave (Solomon 1996, p. 509).

The literature is replete with examples of impression management in behaviors as diverse as people's use of clothing (from ceremonial garb to shirts with identifiable logos to leather motorcycle jackets), body adornments (from body painting and feathers among Indian tribes to more modern use of jewelry, makeup, cosmetic surgery, tattoos, and body piercing), home furnishings (including display items from art books to premium liquor bottles), and even leisure time activities (different sports define different dimensions of social identity). As Levy (1959, p. 118) pointed out more than 40 years ago, modern marketing should be predicated on the knowledge that "people buy things not only for what they can do, but also for what they can mean." Products convey meaning, symbolize personal attributes, and inform others about who people are or who they want to be. This becomes particularly important to adolescents, who are marked by a need to gain acceptance from peers and for peer confirmation of their emerging indepen-

dence and sexuality. Developmental psychologists believe that susceptibility to peer influence peaks in middle adolescence (Berndt 1996), a critical time for the possible adoption or rejection of dangerous (if not deadly) and addictive behaviors such as smoking.

In this context, consider Reynolds's documents that illuminate the so-called FUBYAS strategy, underscore the importance of belonging and peer group identity to FUBYAS, (CX 8), and suggest that the selection of a particular brand can enhance a smokers' ability to fit into a peer group (CX 73). A 1984 analysis of FUBYAS led to the following pointed comments:

With regard to "social group" participation, FUBYAS tend to live a movie.

- They know the roles
- They know the script
- They know the costumes
- They know the props

WE WANT TO SUPPLY ONE OF THE PROPS—THEIR BRAND OF CIGARETTES. (CX 8-Z-51, capitalization in original)

This recognition of the importance of exploiting peer acceptance and the use of a brand of cigarettes as a prop that can be used in the process of gaining admission to and approval from a peer group is consistent both with ideas advanced in Reynolds's documents that date back to the early 1970s and with strategies that ultimately were implemented in the Joe Camel campaign. Additional research carried out by Reynolds in the 1980s indicated that the company's target segment was even more vulnerable to peer acceptance. A 1984 memorandum noted that increasingly new smokers fit the profile of academic underachievers who face less secure economic futures and who therefore place even greater value on short-term social rewards mediated by peer acceptance (CX 73). This group was further described as having a high school education or less, holding blue collar occupations, living for today, and needing acceptance (CX 345). Because young males seek peer acceptance, the user image they desire from a cigarette is young males who are relatively like themselves (perhaps idealized). To create such a user image will require employing symbolic devices that appeal to the peer group itself (CX 770). Such an adolescent confronts uncertainty as to the best way to bolster self-esteem and present himself to others, so he "[a]ttaches importance to social display. At the same time, he feels vulnerable to the opinions of his peers. He resolves this by smoking the same brand as his peer group. Not only does this minimize risk of rejection, but also aids in creating a favorable self-identity" (CX 770-D).

The success of such an effort, which involves teenagers, cannot simply be regarded as effective competition in the cigarette marketplace. When a brand acquires distinctive interpersonal significance and helps people manage others' impressions and establish a desired self-identity, it no longer represents merely a subsidiary (i.e., Now which brand should I choose?) decision for people who have somehow chosen to enter the category. Reynolds's research identified important psychological needs in a period of cultural change that were being met less well by other cigarette brands. A

successful implementation of such a campaign would give the brand the ability to bring people who might not have become regular smokers into the product category.

Themes Used in the Joe Camel Campaign

Decisions made in the mid to late 1980s translate directly into the themes used in the Joe Camel campaign. A series of documents focus on peer acceptance (CX 926, CX 933, CX 1246, CX 1527): "The objective of Camel advertising worldwide will be to convince prime prospect smokers that by choosing Camel as their usual brand they will enhance their acceptance among their peer groups" (CX 926-Z-1). "Overall, Camel advertising will be directed towards using peer acceptance/influence to provide the motivation for target smokers to select Camel" (CX 933-A). As was stated succinctly in a Reynolds presentation titled "Camel Vision," Reynolds was told to "[e]xploit the power of peer influence" (CX 1444-P).

As noted previously, many of these documents seem to be written in code. However, Reynolds was informed that peer acceptance was a key motivator for middle adolescents, who are well under 18 years of age, and that it declines in strength for "young adults" (CX 759). Also, by this time, internal documents indicate that Reynolds knew that approximately 70% of the people who will ever smoke start by the time they are 18 years of age and that most smokers begin smoking regularly—and thus choose a first usual brand—at or before age 18 (CX 49, CX 95, CX 345, CX 1112). One Reynolds document describes the prime prospect as follows:

The Camel prime prospect has not yet had to face the challenges and lifestyle changes of early adulthood, and is someone whose characteristics are still those of youth, as opposed to maturity. The smokers, primarily 18–20 years old, are in the transitional stage between childhood and adult responsibility. They have rejected the authority represented by their parents and school only to replace it with more diffused authority of the group, so that peer pressure/recognition is still of maximum importance in their choice of a cigarette, although they are still open to exploration and experimentation in their search for immediate gratification. (CX 502-A-B)

An advertising agency presentation to Reynolds added, "Belonging is extremely important to FUBYAS and this need differentiates them from smokers in older age groups.... FUBYAS are in a transition.... [B]elonging to the family (secure) [is] replaced by belonging to selected peer group (not as secure)" (CX 345, emphasis in original).

This shift in importance between belonging to the family and selected peer groups characterizes adolescents rather than young adults: "Belonging to [their] selected peer group requires being different from family [and] other peer groups" (CX 345-Z-17). A high proportion of 18–20-year-olds are beginning adult lives in the world of work and family creation and to a lesser degree higher education (cigarette smoking has a markedly higher incidence among high school-educated and blue collar consumers). People 18 and older are focusing on more individual pursuits, including marriage and occupational demands: "By age 20, peer influence drops to virtually zero" (CX 348-D).

The term "target smoker" is a convenient and ambiguous way to refer to anyone who has ever lit a cigarette (or even

a person who is targeted to become a smoker). The more significant point is that the adoption of a peer acceptance campaign strategy and the use of Camel cigarettes as a prop for this purpose is likely to have particular resonance with people under 18 years of age, even if those aged 18–20 would respond favorably to such a campaign. Targeting 18-year-old first-brand users, under the most favorable interpretation, displays reckless disregard for the effects of such a campaign on adolescents.

Other articulations of campaign themes underscore the campaign's relevance to people of high school age, even if they work well with 18–20-year-olds. These themes include independence, coolness, fun, imagination, sex, reality-based success (such as a date, a good party), fantasy-based success, excitement (living to the limit or at least imagining so), taking risks, and living on the edge (CX 345, CX 926, CX 933, CX 1246). Joe was to be portrayed as a "larger-than-life personification of what we aspire to be in our moments of playful fantasy" (CX 1446-R).

A series of younger adult focus groups (CX 79, CX 81) were conducted in 1985 to gauge the impact of potential new Camel advertising. Included in this group of potential advertisements were executions titled "French Camels"—cartoon versions of a camel Reynolds had used in France that bore a strong resemblance to the ultimate depiction of Joe Camel (CX 79). The French Camels (and one other tested advertisement) attracted "the most positive attention," but it was specifically noted that "they may be appealing to an even younger age group" (CX 79-C). A French Camel advertisement had been evaluated in 1974 as being "about as young as you can get, and aims right at the young adult smoker Camel needs to attract" (CX 45). In light of everything that might be suspected about the likely impact of this campaign on adolescents, the 1985 focus group finding ("appealing to an even younger age group"), in conjunction with the 1974 evaluation ("about as young as you can get"), should have alerted Reynolds that employing a character such as the one ultimately used in the Joe Camel campaign created a strong likelihood that the campaign would appeal to youths under the age of 18.

Campaign Execution and Testing

The Joe Camel campaign began in earnest in 1988 with advertising marking the 75th birthday of the brand:

[T]he new Birthday and Heroic advertising was developed to maintain the target's perceptions of Camel smokers as being masculine and individualistic while improving its image on being admired/respected by friends, being younger/more contemporary; and being more fun/exciting.... Last, but not least, the new advertising was developed to speak directly to target younger adult male smokers by employing an imaginative approach that projected a sense of fun/excitement. (CX 1584-A)

After Reynolds disseminated the Birthday Joe Camel advertisements in the beginning of 1988 (CX 1584, CX 104, CX 110), a series of Joe Camel advertisements Reynolds referred to as the "Heroic Camel" were disseminated in the fall of that year (CX 1584, CX 587, CX 117, CX 119). Reynolds's marketing research department concluded that both the Birthday and Heroic Camel advertisements were successful in projecting the peer acceptance image (CX

1584). Various iterations of Joe Camel appeared in Camel advertising and promotions from the Birthday introductory advertisements in 1988 until late 1997.

A Reynolds's marketing research department memo noted that there was considerable premarket communications testing of both the Birthday and Heroic Camel executions that showed positive shifts in user/product images and in attitude/purchase interest (CX 1584). "The 'Heroic Camel' Advertising Test" (March 1988) document, for example, reported that "'Heroic Camel' outperformed all campaigns tested to date in its ability to shift attitudes positively among target smokers" and "The 'Heroic Camel' campaign achieved a very strong and positive emotional response among male target smokers" (CX 193-K, S).

These results were later confirmed by in-market tracking studies, which were designed to measure changes in (1) awareness of Camel advertisements and advertising themes, (2) attitudes toward the Camel brand, and (3) purchases of the Camel brand as a result of the campaign. The results of this research on slogan recognition, perceptions, and attitudes showed much more favorable responses among 18-20-year-olds than among consumers 21 years and older (CX 690).

I have seen no documents indicating that Reynolds did any research to gauge the reactions of those under 18 years of age to any proposed aspects of the Joe Camel campaign. It has been suggested that had Reynolds done such research (e.g., on planned executions) even to determine whether the advertisements were appealing in an undesirable way to those under age 18, its intentions would have been misinterpreted. Given the importance of pretesting such advertising executions for anyone seeking to prevent this type of impact, obstacles to conducting such research need to be overcome. Because it is not difficult to imagine how this might be done (e.g., publicizing the beneficial purpose of the research before carrying it out, using an independent research organization to design and execute the study), I am reluctant to conclude that there were serious obstacles.

Reynolds developed and evaluated a variety of executions involving Joe that imbued him with heroic qualities (e.g., Smooth Cruise, Leader of the Pack, Smooth Drag, Smooth Catch, Smooth Encounter, Monumental Smoothness; CX 1094). An integrated marketing approach was also designed to motivate conversion among the target audience, including retail display, point-of-sale, direct mail, pack inserts, premiums, and special event promotions (CX 1417, CX 1566, CX 1686). Having introduced the Smooth Character campaign in 1988, Reynolds adopted an integrated promotional theme, Smooth Moves, beginning in 1989. The Smooth Moves campaign included the distribution of tips about how to handle a variety of situations successfully in an irreverent and confident manner appropriate for a smooth character (CX 1001). These include dating advice—suggestions about how to impress women at the beach, as well as future in-laws (after driving your motorcycle into their living room). These themes were described in the 1990 Camel Promotion Plan:

The Smooth Moves promotion campaign leveraged the unique personality of the Heroic Camel throughout all elements of the marketing mix by providing a series of tips and offers designed to reinforce the brand's repositioning. The promotion program

provided linkage between the fantasy world of the Heroic Camel and the real world [of] the target smoker. (CX 621-C)

Advertising featuring the cartoon character and his friends appeared in magazines, on billboards, and in transit facilities. Some of the magazine advertisements were particularly striking because they were three-dimensional "pop-ups" that literally reached out to the reader. The advertisements were extremely colorful and featured Joe (and later his friends) in a variety of activities that both younger adult males and adolescent males would find attractive.

In 1990, the campaign "brought Joe to life [by] literally giving him arms and legs," and in 1991 Joe's World revealed "more of Joe and the fantastic world in which he was the key figure" (CX 1446-J, L). Joe was portrayed in a heroic manner surrounded by beautiful women, sports cars, motorcycles, and his buddies, playing pool and music and in exotic locations. He was typically dressed in a youthful manner, wearing jeans, a T-shirt, and sunglasses, and often was hanging out with friends or cruising in a convertible.

As an executional device, Joe Camel was an ideal brand symbol. His core identity (smooth, cool, irreverent, socially popular, risk-taking but always in control) could be preserved, but advertisements could be constructed to appeal to different audiences merely by changing settings and activities. According to a 1991 Reynolds document titled "A Qualitative Assessment of Camel Advertising Equity," "JOE'S lifestyle continually changes from ad to ad and [h]e fits into all situations because each ad is so different." In addition, "Future executions can put Joe and the brand practically anywhere with no fear of losing any of the equity whatsoever" (CX 301-L, emphasis in original).

Using the cartoon character rather than a real person helped bypass the reality testing consumers often employ in response to advertising messages delivered by human spokespersons. As the qualitative assessment reporting on the results of focus groups put it, "That all characters are within a 'non-people' mode appears a major reason why it is commonly accepted that anything is possible in Camel ads" (CX 301-L).

Reynolds also heavily used outdoor advertising—billboards, bus signs, taxi signs—as part of the Joe Camel campaign. Such advertisements were placed in areas with heavy concentrations of 18-24-year-old smokers and areas in which younger people congregated. A Reynolds memo provided examples of these locations:

- Near coliseums where rock concerts are regularly held
- Along "cruising strips"/streets with heavy concentrations of fast food restaurants
- Near ... video game arcades
- By convenience stores

Younger adult smokers may concentrate on the cruising strips only on weekends—but when they *are* there, we want it to be obvious to them that Camel is relevant to their lifestyle. (CX 1000-A-B, emphasis in original)

One of the most distinctive characteristics of the Joe Camel Campaign was its extensive use of promotional giveaways. Research indicated that premiums and promotions were important in motivating the target consumers to select Camel (CX 301). Reynolds used two different kinds of giveaways: those that provided instant gratification to the pur-

chaser and those that required repeated purchases of Camel. Free cigarettes and merchandise (including T-shirts, cigarette lighters, beach flip-flops, and baseball bats) bearing Joe Camel's image were given away at retail locations with the purchase of a specified number of packs of Camel cigarettes. Not only could people wearing and using such Joe Camel props make a personal identity statement (as discussed previously), but also the props served as "walking billboards," thereby linking advertising and peer influence. The Camel Cash program gave Camel smokers an opportunity to save certificates that were inserted inside the cigarette pack's cellophane wrapper and redeem them by mail for additional free merchandise. Reynolds did not charge for postage and handling, so the entire transaction was cost-free. Some of the items were relatively inexpensive in terms of the number of certificates required (e.g., disposable cigarette lighters), but others required the purchase of hundreds of packs of Camel cigarettes (e.g., leather jackets).

As the campaign developed, much use was made of tie-ins such as special events. One Reynolds document suggested a plan to "Utilize national event strategy every 6 months to create/maintain 'the buzz' in [the] general market" (CX 1680). Planning for such events included a national music tour to "make Camel the cool/hip brand that sponsors the music I like" (CX 1680-H). Efforts were made to find ways of bringing impactful Camel experiences to the smoker's hometown (CX 1680). Pack premiums continued to be a focus of Reynolds's retail activity and promotional planning, because younger smokers continued to purchase cigarettes by the pack, typically in convenience store outlets and service stations (CX 33, CX 1286). In focusing on stores that are heavily frequented by young adult shoppers for premium placement, a Reynolds division manager gave the following instructions: "These stores can be in close proximity to colleges[,] high schools[,] or areas where there are a large number of young adults [who] frequent the store" (CX 91). Though this was termed a mistake by Reynolds officials, a similar assignment went to sales representatives from a second Reynolds division manager (CX 1108).

Assessing the Joe Camel Campaign

In this section, I consider some alternative views of how the campaign should be assessed. If the campaign is indeed simply a manifestation of brand competition with a resulting redistribution of smokers, is that truly a public policy issue? If the campaign cannot be proven to have injured consumers, should it fall within the FTC's unfairness jurisdiction? To what extent should traditional measures of marketing and advertising effectiveness be used not only to establish that acts and practices may recklessly endanger lives and be antithetical to public policy but also to provide evidence of actual or likely injury?

No Harm No Foul: The Redistribution of Smokers Argument

It might be supposed that Reynolds would be prepared to argue that a redistribution of smokers—of any age—among Marlboro, Newport, and Camel is not a significant public policy or regulatory issue. The tone of many Reynolds internal documents, if not their continued existence, attests to the

conviction that Philip Morris (with its famous Marlboro Man icon) fired the first shot in the battle to attract a new generation of smokers and that Reynolds had little choice but to fire back. Reynolds's research indicated that the Marlboro Man (and its loner imagery) was increasingly becoming out of step with the youth culture and smoker profiles and that a competitive niche was open for a brand with the right interpersonal appeal. Therefore, at one level of analysis, the Joe Camel campaign is a story of competing icons and imagery, in the best tradition of a competitive free-enterprise system. Indeed, because Marlboro has captured 60% of the underage market (Pollay et al. 1996), Reynolds officials can be imagined vigorously assailing their critics: "Why are you trying to tie *our* hands behind our backs? Don't we have a right to compete with Philip Morris?"

Effective Campaigns Attract New Users

Such a brand competition analysis assumes that anyone starting to smoke Camels because of the Joe Camel campaign is preordained to smoke cigarettes, and only the brand is in doubt. The analysis assumes that adolescents first choose to smoke cigarettes and then—and only then—choose a brand to smoke. I am unaware of any strong support for this proposition. Part of the argument in support of this view is an exercise in semantics—that is, dividing people into two categories, smokers and nonsmokers, and assuming that these categories reflect decisions to smoke or not. However, everyone at some point in their lives is a nonsmoker. There are really at least three categories: smokers, those who have made a decision not to smoke, and those who have not yet reached the point of making that decision. There are forces (e.g., influences from parents and peers, health information, marketing and advertising campaigns) acting on the latter group in both directions, so any change in their strength may have some impact on decisions to smoke or not. Meaningful changes in the magnitudes of some of these factors may have a strong effect on an adolescent who is experiencing conflict over short- and long-term goals and desires.

It would be one thing if all cigarettes offered the same set of psychosocial benefits that are critical to the adoption decision (i.e., most teenagers do not begin smoking because they like the taste of cigarettes or because of physiological effects). In that case, teenagers' decisions to begin smoking would be a function of category-level features. Cigarette brands succeed because they hit the right "hot buttons" for defined groups. Recall, for example, the much-publicized effort to develop a cigarette (Dakota) intended to appeal to women described as "Laverne and Shirley" (O'Keefe and Pollay 1996).

Conceptually, modern marketing tries to locate appropriately sized groups of consumers and then produce brands near the ideal points (in terms of product attributes and benefits) for each group. If each firm does that successfully, more potential consumers enter the product category. This analysis suggests that it is inappropriate and unwise to assume that consumers must invariably make a product category-level choice before making a brand choice. There are products for which the primary utility undoubtedly rests in the product itself, and brands represent subsidiary trade-offs

(e.g., price-quality, performance-reliability), but in other cases the brand (i.e., what it stands for or represents) is a primary source of utility and can be said to lead people into the product category.

The Mature Market Argument

A related type of "no harm" analysis often begins with the assumption that cigarettes represent a mature market. They seem to be an established product—far along in the product life cycle and facing declining growth (at least in the United States)—and there are no new uses or benefits that would further diffusion into otherwise untapped consumer segments. However, there are two major problems with this mature market characterization.

First, this mature market analysis is essentially static. According to numbers provided by Reynolds's president in 1990, 800,000 people, or roughly 2000 per day, enter the cigarette market each year (CX 93). Other estimates place the number at more than 3000 per day (Pierce et al. 1989). Therefore, beneath the seemingly tranquil surface of this mature market, there is a great deal of volatility, and it is illogical to regard either the number of people leaving the market or the number entering the market as fixed. Second, although parity products primarily face strong price competition at maturity, a substantial element of the competition among cigarette brands is over features designed to retain smokers (e.g., high filtration, low tar and nicotine products) and attract new customers, most of whom are adolescents. Any brand that can appeal to adolescents in a stronger manner than existing brands can not only increase its share of market among existing smokers but also win over some proportion of not-yet-smokers for whom those benefits have heightened value.

Such marketing approaches are not in any way confined to the cigarette industry. The cereal industry might have been called mature until the promotion of health benefits by several brands brought additional non-cereal users into the category (Ippolito and Mathios 1990). Similarly, when Bausch & Lomb developed a marketing strategy of promoting its sunglasses in movies (i.e., Tom Cruise wore them in *Risky Business* and *Top Gun*), sunglasses took on added symbolic benefits and so attracted many additional consumers who would not have worn sunglasses strictly for improved vision and eye protection.

In summary, cigarette companies compete not only for increasing slices of the pie but also for vast numbers of teenagers who will be making a decision to either remain nonsmokers (including those who are not yet confirmed smokers but who have merely experimented with a few cigarettes) or become smokers. For a market to resemble the mature market depiction preferred by cigarette industry spokespeople, there cannot be a possibility for a firm to bring nonusers into the category by serving their needs better than available firms. This is particularly unlikely when self-expressive needs are involved. Because there are always alternative means of expressing a sense of identity, unless a product category affords a particularly viable means to that end, no member of the category may be chosen. Reynolds's research illuminated that self-expressive function for cigarettes, and the Joe Camel campaign represents a masterful execution of that idea.

Unfair Acts and Practices Assessment of the Campaign

For some, none of the preceding discussion reaches a standard of proof needed to conclude that the Joe Camel campaign caused young people to start smoking (or continue smoking beyond exploratory trial behavior). From a rigorous scientific standpoint, that conclusion may well be warranted. Controlled field experiments planned in advance of the campaign were not undertaken, and it is doubtful that any feasible research design could isolate the effects of this campaign and produce that level of scientific certainty. This situation is hardly unique to cigarette advertising. Indeed, it characterizes the social sciences in their efforts to determine the degree to which changes in popular culture, government programs, educational reforms, demographic factors, and so forth cause any specific behavior. Even in the physical sciences, there is no real proof of the impact of many important factors, including the increased use of fossil fuels on global warming, and people are forced to confront—on the basis of the best available indications—possibly harmful impacts of a vast array of substances, some of which make their lives more comfortable.

It is sometimes tempting to view the legal framework as the embodiment of society's sense of right and wrong on issues as diverse as civil rights, public welfare, and environmental protection, though society knows that laws reflect the political cross-currents of the time. With respect to marketing and advertising, Section 5 of the FTC Act prohibits, in part, "unfair ... acts or practices in or affecting commerce" (15 U.S.C. §45 n). In a December 1980 letter to senators Wendell Ford and John Danforth (and reflecting FTC concerns about forthcoming oversight hearings by an increasingly hostile subcommittee), the Commission identified three factors to consider when applying the prohibition against consumer unfairness: (1) whether the practice injures consumers, (2) whether it violates established public policy, and (3) whether it is unethical or unscrupulous. Remarkably, the beleaguered Commission chose to discard "unethical or unscrupulous" conduct as a sufficient basis for bringing actions against firms thought to violate Section 5 of the FTC Act.

The 1980 Commission told Congress that, henceforth, such cases would be brought only if the conduct violated constitutional, statutory, or judicial decisions or "on the basis of convincing independent evidence that the practice was distorting the operation of the market and thereby causing unjustified consumer injury" (letter from the FTC to Wendell Ford and John Danforth, Committee on Commerce, Science and Transportation, [December 17, 1980]; as incorporated in *International Harvester Co.* 1984).

Coincident with the FTC's initial investigation of the Joe Camel campaign in the early 1990s, the same Senate committee reexamined the language of Section 5 and pointedly adopted the principles of the FTC's December 17, 1980, policy statement on unfairness, which led to a revised Section 5 that limited the FTC's unfairness jurisdiction:

The Commission shall have no authority ... to declare unlawful an act or practice on the grounds that such act or practice is unfair unless the act or practice causes or is likely to cause sub-

stantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition. (Federal Trade Commission Act Amendments of 1994)

It is difficult to imagine that this is all Congress originally had in mind when it singled out unfair acts and practices (because it would have been quite easy for Congress to specify injury as a requirement).

The resulting codification of likely injury can be used to support Calfee's (2000) view that marketplace effects rather than Reynolds's conduct should be the focus. His companion article, as well as legal briefs and responses to the FTC, makes it clear that this is a substantial burden. Indeed, in 1994, the FTC refused to follow a staff recommendation to issue a complaint against Reynolds, essentially adopting Reynolds's argument that the evidence was then insufficient to support the charge that but for Joe Camel, underage youths would not have begun smoking or would not have continued to smoke. Some causal connection between Joe Camel advertising and promotion and increased youth smoking is the nexus of a complaint based on the legal requirements of the revised Section 5.

Because the FTC's 1997 complaint against Reynolds was dismissed by the Commission, it is simply not known what standard of causation would ultimately have been adopted by the Commission and by the courts in reviewing Commission actions in light of its Section 5 authority. The staff wished to interpret this language such that if advertising and promotion could be shown to contribute substantially to the decision to smoke on the part of many adolescents, the "likely to cause substantial injury" burden would be satisfied. Although some courts have shown a willingness to replace the "but for" test with a substantial factor test in tort cases that involve two or more contributing causes of injury, whether "likely to cause" will be interpreted in this substantial factor sense or even as something less than a scientifically certain cause of injury is, for now, unclear.⁵

Given the difficulty of establishing causality in many human endeavors, the 1980 Commission's "self-inflicted wound" (and subsequent codification of this retreat into law) may embolden those who believe that the demands of provable injury are too great a burden to serve as a serious deterrent for otherwise advantageous marketplace behavior.

Ironically, in the same letter that announced the FTC restatement of its unfairness policy, the agency sought to defend some of its prior judgment in bringing cases based on unfair acts and practices. Consider the following:

Buyers are sometimes overtly coerced. Some sellers have, for example, pressured consumers into a distraught state of mind, even physically preventing them from leaving the room during sales presentations, in order to coerce a sale. In other instances, door-to-door salesmen have refused to leave customers' homes until they purchase expensive goods or services. Both of these practices were so coercive that they tended to curtail the free exercise of consumer choice. (Companion statement on the Commission's Consumer Unfairness Jurisdiction, accompanying Commission letter of December 17, 1980, pp. 2-3, as incorporated in *International Harvester Co.* 1984)

These are abusive, repugnant, and (seemingly) unfair practices, just the sort of thing Congress likely had in mind when Section 5 was initially enacted into law. At least a similar level of outrage would be expected to be directed at unfair acts and practices for which there is strong evidence that they have the capacity to entice adolescents to use an addictive product proven to reduce life expectancy and cause extended suffering and financial hardship. If regulatory law has evolved to the point that such acts and practices are not actually unfair, perhaps it is time for a more searching examination of society's interest and intent in protecting consumers from unethical and unscrupulous conduct as well as likely injury. Furthermore, to the extent that corporate culture is shaped by prevailing legal considerations, the regulatory pragmatism described previously is unfortunate. Instead of a basis for questioning the very development and implementation of a campaign likely to have particular appeal to adolescents, this is a recipe for skirting responsibility, given the anticipated absence of strong and unequivocal causal evidence that the campaign, by itself, caused adolescents to smoke, thereby injuring them.

As discussed previously, I believe Reynolds should be held accountable for foreseeable consequences of a marketing strategy likely to be particularly effective among adolescents, for whom peer acceptance is a pivotal concern. Even in a hypothetical world in which parents, public health initiatives, or fate intervenes to dissuade every last adolescent from smoking—so that there would be no injury—I would regard Reynolds's actions as a reckless affront to public policy. Jack Calfee (2000) appears to agree that there is ample evidence from several internal documents that confirms Reynolds's intentional use of campaign themes that are likely to entice teenagers to smoke. But he prefers to adopt a stringent test of a causal connection between such actions and demonstrable injury.

Reynolds's Assessment of the Campaign

Proof of campaign effectiveness invokes the question of injury. For those who prefer to examine advertising effects issues at a more global level, a favorite tool is econometric analysis of cigarette sales data. Such analyses not only require data that are sufficiently sensitive to the relatively small number of cigarettes smoked by adolescents but also must somehow estimate what would have happened if all other important factors were held constant. This leads right back to the problem of being unable to run a controlled experiment.

A reasonable alternative, it seems to me, is to rely on well-established theory and research on consumer behavior that goes beyond a simple input (i.e., some measure of marketing and advertising effort/output (i.e., some measure of consumption) model. Rejecting such a sterile "action at a distance" view, scientists understand that behavior results from a process, the centerpiece of which is campaign strategies and tactics that lead to favorable beliefs and attitudes toward engaging in that behavior. Not only has academic research concentrated on theoretical and measurement issues linked to such a process analysis, but also practically all marketing and advertising assessment tools used by practitioners focus on these intervening process outcomes.

⁵For a recent statement of tort law perspectives on this issue see Restatement (Second) of Torts §9 (1998).

Here, I rely on Reynolds's own measures of campaign effectiveness. The acknowledged emphasis on peer acceptance through executions that make Joe a symbol of coolness and youthful irreverence to achieve a first-brand advantage ("Future opportunities among younger adults smokers [are] dependent upon displacing Marlboro as the first usual brand" [CX 33-S]) leaves little doubt about what was expected from this campaign. Using comparable Reynolds research to determine the effects of the Joe Camel campaign on 18-20-year-olds leaves little doubt as to its success with that age group.

Reynolds assessed the success of the Joe Camel campaign using measures traditionally relied on in marketing. This approach was outlined in a July 1984 presentation by Reynolds's marketing department for its attorneys (CX 1507). In essence, Reynolds traced movement along the traditional hierarchy of effects, from measures of attention and recall to belief and attitude formation, emotional response, trial, and repeat purchase (CX 797). Reynolds pretested its advertising executions and then examined their effects using a combination of perceptual/attitudinal measures and share-of-market tracking studies. As Reynolds explained it, "The primary and most difficult task that advertising has is to communicate information for development of brand perceptions and attitudes. Therefore, the advertising evaluation process flows from the attitudes back through the consumer purchase process" (CX 1507-Z-87). A similar analysis, in conjunction with a planning model, can be found in a 1981 Reynolds document titled "Consumer Wants Research" (CX 797).

Premarket research conducted by Reynolds to evaluate the effectiveness of Joe Camel advertising typically involved exposure to both Joe Camel advertisements and other Camel or competitive advertisements. Reynolds made extensive use of focus groups to assess the effectiveness of executions that were in development, as well as those that had already been used (CX 301, CX 587, CX 1001). Later, idea communication, attitude change, consumers' emotional response to the advertisements, and day-after recall (consumers were asked what they recalled about an advertisement 24 hours after exposure to it) of the advertisements were measured (CX 345). Reynolds analysts consistently used such traditional measures as message comprehension, perceptions of user and product imagery, beliefs about headline meaning, attitudes and feelings, emotional responses, and purchase interest in assessing Camel advertising in these studies. For example, a December 1988 memo titled "Current/Projected Perceptions of Camel Among Target Smokers" stated that

Pre-market communications testing of Camel's new "Birthday" and "Heroic" advertising campaigns showed them to effectively project desired user and product images resulting in positive attitude/purchase interest shifts toward the brand. Later, their effect on target smokers' in-market perceptions/attitudes toward Camel was confirmed via findings from a mid-1988 Perceptions Tracking Study. (CX 1584-B, emphasis in original)

A 1987 copy test of the 75th Birthday advertisement produced better results than previous campaigns on three crucial measurements: successfully communicating the desired peer acceptance theme (the awareness/comprehension

stage), creating positive product perceptions (the perception stage), and generating positive attitudes about the brand (the attitude stage) (CX 1554). The copy test also showed that the new 75th Birthday advertising generated greater purchase interest among the target audience than the previous campaign had (CX 1554). Similarly, copy testing of the Heroic Camel advertisements also produced high scores for awareness and for improving consumers' attitudes toward the product (CX 345). Day-after recall was far above the norm for the product category, and the advertisements achieved a "positive shift in attitudes towards Camel" (CX 345-Z-159). Indeed, the "Heroic Camel outperformed all campaigns tested to date in its ability to shift attitudes positively among target smokers" (CX 345-Z-144).

During the first year of the Joe Camel campaign (CX 345), Reynolds also conducted a "Perceptions Tracking Study," in which consumers were asked about their awareness of the brand's advertising and slogans, their perceptions of the brand, and their product usage. These results were then compared with results obtained a year earlier, before the campaign began. The perceptions tracking study found large increases in consumer awareness of Camel's advertising (unaided awareness of the Joe Camel campaign was equal to that of advertising for Marlboro, the market leader). In addition, attitudes and perceptions of the Camel brand had improved, especially among 18-20-year-olds. Camel's share of 18-24-year-old smokers had also increased, though the growth came primarily from 18-20-year-old males.

With respect to actual sales, the campaign's effects were most sharply noted on the youngest section of the legal market, that is, on 18-20-year-old males. For example, the 1990 business plan stated that the younger adult smoker growth was "driven" by 18-20-year-old males (CX 1274-H), and this is confirmed in several other documents (CX 345, CX 1020, CX 1099). Moreover, Reynolds understood that "[a]s a group, younger smokers probably emulate the smoking habits of smokers in the next oldest group, the 18-24 year olds, since trends for younger smokers tend to follow (by 2-3 years) trends for the latter group" (CX 759-A). Reynolds's data indicate that the brand had only 2.4% of the 14-17-year-old market in 1979 (CX 66). One year into the campaign, 8.1% of 12-18-year-old smokers named Camel as their brand, according to the Centers for Disease Control's Teenage Attitudes and Practices Survey (TAPS), and this increased to 13.3% in the 1993 TAPS study. The latter result was confirmed by a 1993 Audits & Surveys study commissioned by Reynolds, in which 12.8% of teenagers indicated that they usually purchased Camel and 11% said Camel was the brand they first smoked (CX 1982). In contrast, Camel's share of adult smokers only increased from 2.7% to 4% between 1988 and 1993.

In summary, the Joe Camel campaign had been demonstrated to have precisely the effects intended on the youngest segment (18-20) of the 18-24-year-old market. Given the underlying peer acceptance theme and the successful Smooth Moves and Smooth Character illuminations of acting cool and irreverent by smoking Camel cigarettes, how could the campaign fail to make an impression on adolescents? A September 1988 Reynolds marketing research report provided the results of focus groups with subjects

who had been shown the tips that were part of the Smooth Moves promotion. The report states that

The younger portion of the target that have fewer responsibilities and are more likely to be single/into the "party" scene appeared to be able to relate best to the "tips" theme."

The majority of the "Smooth Moves" tips touch on certain situations, problems and concerns that are common to many younger adult male target smokers. As a result, the interest level associated with many of the tips is quite high. Most respondents stated that they would not only read each tip that they were exposed to, but would collect/share them with their friends. (CX 1001-C)

As one indication of the impact of the Joe Camel campaign on much younger audiences, consider a survey composed of a projectable national sample of 1117 persons aged 10-17 that was conducted for Reynolds in 1993 to obtain reactions to the Joe Camel campaign (CX 1434). Although advertising for cigarettes is poorly recalled among this age group ("the lowest level of awareness of the 10 product categories studied," CX 1434) and almost no one recalled the specific advertising slogans for any cigarette brand, Joe Camel (as a trade character) generated a 73% unaided (i.e., without prompting) and 86% combined (i.e., aided plus unaided) awareness. The only trade characters scoring better than Joe Camel were those explicitly linked to products intended for or used by children (e.g., Tony the Tiger, Ronald McDonald, the Energizer Bunny) (CX 1434). Furthermore, 95% correctly answered that cigarettes were the product advertised by Joe Camel (CX 1434). I take special note of the fact that 35% of 10-17-year-olds described Joe Camel as "really cool/acts cool/think he's cool," 5% described him as "smooth/slick/suave," and 5% described him as "friendly/has a lot of friends/someone who is fun/attracts people" (CX 1434-V). It is worth noting that before the Joe Camel campaign, Camel (and its advertised blend of Turkish tobacco) was seen as a rather strong (if not harsh) cigarette for older, more independent, rugged males. Another Reynolds document states that "The quality of 'cool' is of paramount importance to teens when they evaluate brands" (CX 1188-K).

Some data suggest that the effects of the Joe Camel campaign were beginning to wear off by the mid-1990s, when Camel was the brand of choice among 8.7% of underage smokers (Pollay et al. 1996). That would not be surprising to many people who regularly observe faddish trends in adolescent preferences in clothes, music, and so forth. Although the importance of peer acceptance—and the vulnerability of adolescents on that dimension—is unlikely to diminish, the means chosen to establish an identity (and thus to distinguish themselves from others at the same time as they convey and reinforce their connectedness to important others) necessarily must change over time, perhaps in proportion to the uniqueness and strength of the symbol. Analyses that focus on eventual declines in brand share as a way to minimize campaign effects not only ignore this underlying dynamic but also minimize significant short-term impacts.

Conflicting Values: A Marketing Dilemma

I do not believe that anyone at Reynolds woke up one morning and decided to hook kids on a deadly and addictive product. There is a kind of creeping inflation aspect to actions of this type, in which participants focus only on the next step in a logical sequence of problem identification and solution. Increasing concerns about the widening market share and revenue gap between Reynolds and Philip Morris seem to have produced a textbook marketing solution: Develop a brand that will appeal to potential customers earlier than they might adopt competitors' products. Not only does the analysis and strategy formulation appear to have been insightful, but the execution also was outstanding. Most business school professors would probably give high marks to the skill of the brand management team that worked on the Joe Camel campaign.

In such settings, there is a risk that larger societal and consumer welfare issues are not confronted. Accompanying this is a state of mind that seeks to avoid blame because "I was only doing my (limited) job." Many companies undoubtedly face decisions in which particular options point to greater bottom-line success but also raise ethical (as well as legal) issues. For example, should a product be brought to market before some of the planned testing is completed to get a jump on a strong competitor? Leaving aside a firm's risk assessment considerations (e.g., product liability, regulatory actions, unfavorable publicity) and concomitant effects on financial statements and stockholders' value, there are issues of corporate responsibility to the larger public that should be addressed. Often these are complex, as when trade-offs exist in costs and benefits (e.g., consider recent advances in genetic research as well as products developed to meet worthwhile needs but that can be misused or create harmful environmental effects). Accordingly, different corporate cultures may resolve these matters in different ways; for example, a pharmaceutical company has had to decide whether to introduce a beneficial drug product with a dangerous side effect during pregnancy without requiring a pregnancy test, and another company has had to decide whether to sell a three-wheel all-terrain vehicle that is prone to roll over on untrained riders when it makes turns without requiring formal instruction, relying instead on warning information to prospective buyers of these products.

It is possible that the corporate culture that survived the bitter leveraged buyout at RJR Nabisco and its deteriorating tobacco fortunes, especially relative to Philip Morris (for historical perspectives, see Burrough and Helyar 1991; Kluger 1996), may have encouraged aggressive or even risky marketing approaches in an effort to turn things around as quickly as possible. A commitment to selling cigarettes leads naturally to a consideration of adolescents. Of the approximately 3000 people who begin smoking each day and then do so on a regular basis, more than 80% report starting by 18 years of age, at an average age of 14.5 years (Public Health Service 1994). Willie Sutton, the legendary bank robber, is reported to have been asked why he robbed banks. His succinct answer, the story goes, was "Because that's where the money is." For cigarette companies, growth in sales and revenues (indeed survival itself) depends on

attracting new customers both in the United States and abroad. Faced with increasing external pressures to limit and discourage smoking, the resulting loss of revenue in the United States, and a weakening competitive position against Philip Morris, Reynolds may have found it difficult to resist the temptation expressed so eloquently by Willie Sutton.

This logic may translate to a "we had no choice" excuse for the Joe Camel campaign. From a perspective centered on self-interest, perhaps there did not appear to be a choice, given Reynolds's declining share of market and its understanding that it needed to capture a much higher proportion of new smokers for the company and its executives to be successful. But there is always a choice. Perhaps many people, including those who train future business executives and those who are responsible for setting corporate and regulatory policies, should work harder to ensure that those choices and their consequences are taken more seriously. That is likely to involve some rethinking of business school curriculum refinements that extend beyond how to win the brand warfare game. It may also suggest the desirability of a greater regulatory focus on acts and practices rather than mere outcomes. Ultimately, any society is a function of the values that are adopted by people in positions of responsibility together with their willingness to make appropriate and often difficult choices. The behavior of so many cigarette industry officials, their collaborators, and legal representatives over the last half century stands as a reminder that active vigilance and the willingness of thoughtful students of business to devote attention to public policy issues are likely to be sorely needed for a long time to come.

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Exhibit O



Audit Bureau
of Circulations

Rolling Stone

For the six months ended June 30, 2007

Field Served: A general interest magazine covering modern American culture, politics and arts, with special interest in music.

Published by Wenner Media LLC.

Frequency: 26 times/year

ABC Member # 04-0998-0

PAID & VERIFIED MAGAZINE PUBLISHER'S STATEMENT

Subject to Audit

Rolling Stone

1. TOTAL AVERAGE PAID & VERIFIED CIRCULATION

	Average for the Statement Period	%	Rate Base	Above (Below)	% Above (Below)
Paid & Verified Circulation: (See Par. 6)					
Subscriptions:					
Paid	1,318,783	91.2			
Verified	2,439	0.2			
Total Paid & Verified Subscriptions	1,321,222	91.4			
Single Copy Sales	123,826	8.6			
Total Paid & Verified Circulation	1,445,048	100.0	1,400,000	45,048	3.2
Including Feature Issues:			1,409,091	35,957	2.6

2. PRICES

	Suggested Retail Prices (1)	Average Price (2) Net	Gross (Optional)
Average Single Copy	\$5.13		
Subscription	\$25.94		
Average Subscription Price Annualized (26 issue frequency)		\$16.22	
Average Subscription Price per Copy, See Par. 9.		\$0.71	

(1) For the Statement period

(2) Represents subscriptions for the 12 months ended December 31, 2006.

3. PAID & VERIFIED CIRCULATION BY ISSUE

Issue	Paid Subscriptions	Verified Subscriptions	Total Paid & Verified Subscriptions	Single Copy Sales	Total Paid & Verified Circulation	Issue	Paid Subscriptions	Verified Subscriptions	Total Paid & Verified Subscriptions	Single Copy Sales	Total Paid & Verified Circulation
Jan. 25	1,365,899	2,439	1,368,338	92,711	1,461,049	Apr. 5	1,317,611	2,439	1,320,050	146,688	1,466,738
Feb. 8	1,347,810	2,439	1,350,249	90,177	1,440,426	Apr. 19	1,316,593	2,439	1,319,032	105,436	1,424,468
Feb. 22	1,335,789	2,439	1,338,228	109,109	1,447,337	May 3#	1,303,211	2,439	1,305,650	224,859	1,530,509
Mar. 8	1,331,181	2,439	1,333,620	92,758	1,426,378	May 31	1,293,107	2,439	1,295,546	150,905	1,446,451
Mar. 22	1,323,848	2,439	1,326,287	85,619	1,411,906	June 14	1,288,214	2,439	1,290,653	140,326	1,430,979
						June 28	1,283,349	2,439	1,285,788	123,497	1,409,285

#May 3rd issue rate base: 1,500,000

4. AVERAGE CIRCULATION BY REGIONAL, METRO & DEMOGRAPHIC EDITIONS

None

Paid & Verified Magazine
Publisher's Statement

For six months ended June 30, 2007

5. TREND ANALYSIS

	2002	%	2003	%	2004	%	2005	%	2006	%
Subscriptions:										
Paid	1,121,661	88.8	1,130,418	88.5	1,138,292	89.8	1,174,904	89.7	1,258,487	86.9
Verified	N/A		N/A		N/A		N/A		54,159	3.7
Total Paid & Verified Subscriptions	1,121,661	88.8	1,130,418	88.5	1,138,292	89.8	1,174,904	89.7	1,312,646	90.6
Single Copy Sales	142,179	11.2	146,623	11.5	128,818	10.2	134,213	10.3	135,446	9.4
Total Paid & Verified Circulation	1,263,840	100.0	1,277,041	100.0	1,267,110	100.0	1,309,117	100.0	1,448,092	100.0
Year Over Year Percent of Change		-0.3		1.0		-0.8		3.3		10.6
Paid & Verified Rate Base	1,250,000		1,250,000		1,250,000		1,300,000		1,400,000	
Avg. Annualized Subscription Price	\$17.84		\$19.42		\$20.08		\$18.58		\$17.81	

6. SUPPLEMENTAL ANALYSIS OF AVERAGE PAID & VERIFIED CIRCULATION

The following averages, as reported below, are included in Par. 1 and annotated here per applicable rules. See Par. 9 for full explanation.

	Average for Period	% of Circulation
PAID SUBSCRIPTIONS		
Individual Subscriptions*	918,132	63.5
Club/Membership:		
Deductible*	5,214	0.4
Loyalty/Award Point*	499	0.0
Partnership:		
Deductible*	392,896	27.2
Sponsored Sales	2,042	0.1
TOTAL PAID SUBSCRIPTIONS	1,318,783	91.2
VERIFIED SUBSCRIPTIONS		
Public Place (See Par. 6A)	2,439	0.2
TOTAL VERIFIED SUBSCRIPTIONS	2,439	0.2
TOTAL PAID & VERIFIED SUBSCRIPTIONS	1,321,222	91.4
SINGLE COPY SALES		
Single Issue Sales	121,154	8.4
Sponsored Sales	2,672	0.2
TOTAL SINGLE COPY SALES	123,826	8.6
TOTAL PAID & VERIFIED CIRCULATION	1,445,048	100.0

*Included in Average Price calculation

6A. ADDITIONAL ANALYSIS OF VERIFIED PUBLIC PLACE

The following represents the average public place copies made available during the statement period to the following public areas:

Verified Subscription:	Specialty Locations/		Total Public Place Copies
	Retail	Other	
Public Place	2,439		2,439

6B. ADDITIONAL ANALYSIS OF VERIFIED INDIVIDUAL USE

The following represents the average individual use copies made available during the statement period to the following individuals:

None

7. GEOGRAPHIC DATA for the April 5, 2007 issue

Total paid & verified circulation of this issue was 1.5% greater than the total average paid & verified circulation.

STATE	PAID SUBSCRIPTIONS	VERIFIED SUBSCRIPTIONS	TOTAL PAID & VERIFIED SUBSCRIPTIONS	SINGLE COPY SALES	TOTAL PAID & VERIFIED CIRCULATION
Alabama	12,802	27	12,829	1,191	14,020
Arizona	27,604	54	27,658	2,378	30,036
Arkansas	7,350	12	7,362	569	7,931
California	185,564	276	185,840	16,953	202,793
Colorado	28,525	39	28,564	3,031	31,595
Connecticut	20,797	15	20,812	1,596	22,408
Delaware	4,164	9	4,173	305	4,478
District of Columbia	3,354	3	3,357	542	3,899
Florida	51,969	129	52,098	8,572	60,670
Georgia	27,836	75	27,911	3,808	31,719
Idaho	4,059	3	4,062	375	4,437
Illinois	59,224	144	59,368	6,349	65,717
Indiana	27,408	57	27,465	2,464	29,929
Iowa	10,651	36	10,687	1,281	11,968
Kansas	11,982	27	12,009	765	12,774
Kentucky	13,305	24	13,329	1,402	14,731
Louisiana	11,540	30	11,570	1,306	12,876
Maine	6,090	3	6,093	586	6,679
Maryland	22,821	60	22,881	2,190	25,071
Massachusetts	42,893	48	42,941	4,494	47,435
Michigan	41,899	90	41,989	3,101	45,090
Minnesota	22,913	69	22,982	3,436	26,418
Mississippi	6,123	12	6,135	512	6,647
Missouri	27,032	60	27,092	2,243	29,335
Montana	3,824		3,824	392	4,216
Nebraska	6,556	12	6,568	1,120	7,688
Nevada	9,221	18	9,239	2,069	11,308
New Hampshire	7,423		7,423	746	8,169
New Jersey	56,053	60	56,113	4,177	60,290
New Mexico	9,503	15	9,518	727	10,245
New York	104,676	246	104,922	10,750	115,672
North Carolina	32,396	72	32,468	2,803	35,271
North Dakota	2,555	12	2,567	224	2,791
Ohio	52,972	105	53,077	4,277	57,354
Oklahoma	10,468	21	10,489	1,145	11,634
Oregon	12,947	21	12,968	1,474	14,442
Pennsylvania	69,099	75	69,174	5,482	74,656
Rhode Island	6,508	6	6,514	564	7,078
South Carolina	11,887	30	11,917	1,327	13,244
South Dakota	3,109	6	3,115	237	3,352
Tennessee	19,521	36	19,557	2,712	22,269
Texas	78,110	246	78,356	6,491	84,847

STATE	PAID SUBSCRIPTIONS	VERIFIED SUBSCRIPTIONS	TOTAL PAID & VERIFIED SUBSCRIPTIONS	SINGLE COPY SALES	TOTAL PAID & VERIFIED CIRCULATION
Utah	8,021		8,021	956	8,977
Vermont	4,033	3	4,036	355	4,391
Virginia	35,982	72	36,054	3,591	39,645
Washington	32,280	57	32,337	3,077	35,414
West Virginia	5,498	6	5,504	578	6,082
Wisconsin	21,802	18	21,820	1,789	23,609
Wyoming	2,172		2,172	275	2,447
TOTAL 48 CONTERMINOUS STATES	1,284,521	2,439	1,286,960	126,787	1,413,747
Alaska	3,421		3,421	473	3,894
Hawaii	3,361		3,361	728	4,089
TOTAL ALASKA & HAWAII	6,782		6,782	1,201	7,983
U.S. Unclassified					
TOTAL UNITED STATES	1,291,303	2,439	1,293,742	127,988	1,421,730
Poss. & Other Areas	780		780	6	786
U.S. & POSS., etc.	1,292,083	2,439	1,294,522	127,994	1,422,516
CANADA					
Alberta	2,724		2,724	2,619	5,343
British Columbia	2,309		2,309	2,551	4,860
Manitoba	1,084		1,084	777	1,861
New Brunswick	758		758	131	889
Newfoundland/Labrador	206		206	2	208
Northwest Territories	37		37	57	94
Nova Scotia	454		454	590	1,044
Nunavut	5		5	1	6
Ontario	11,545		11,545	4,669	16,214
Prince Edward Island	271		271		271
Quebec	1,399		1,399	995	2,394
Saskatchewan	1,479		1,479	513	1,992
Yukon Territory	34		34	23	57
Canadian Unclassified					
TOTAL CANADA	22,305		22,305	12,928	35,233
International	1,785		1,785	5,749	7,534
Other Unclassified					
Military or Civilian					
Personnel Overseas	1,438		1,438	17	1,455
GRAND TOTAL	1,317,611	2,439	1,320,050	146,688	1,466,738

ANALYSIS BY ABCD COUNTY SIZE for the April 5, 2007 issue

County Size	% of Households	Total Paid & Verified Circulation	% of Total Circulation	Index (% of Circulation/ % of Households)
A	40	676,947	47.9	120
B	30	432,173	30.6	102
C	15	179,742	12.7	85
D	15	124,885	8.8	59

County Size Group Definitions by the A.C. Nielsen Company- Data for the conterminous 48 states.

8. ANALYSIS OF TOTAL NEW AND RENEWAL PAID INDIVIDUAL SUBSCRIPTIONS

Total gross subscriptions (new and renewal) sold in the six month period ended June 30, 2007

A. DURATION			C. CHANNELS		
		%			%
(a) One to six months (1 to 13 issues).....	70,255	10.2	(a) Ordered by subscriber action via direct mail, direct mail agents, inserts, online, renewals, catalogs, or other outlets available to the subscribers.....	631,240	91.6
(b) Seven to eleven months (14 to 24 issues).....	177	0.0	(b) Ordered by subscribers in response to unsolicited telemarketing and door to door selling.....	36,122	5.3
(c) Twelve months (25 to 26 issues).....	379,352	55.1	(c) Ordered by subscribers in response to fund-raising programs of schools, churches, and other similar organizations.....	21,607	3.1
(d) Thirteen to twenty-four months.....	231,518	33.6	(d) Subscriptions as part of membership in an organization.....	None	
(e) Twenty-five months and more.....	7,667	1.1	Total Subscriptions Sold in Period.....	688,969	100.0
Total Subscriptions Sold in Period.....	688,969	100.0			
B. USE OF PREMIUMS					
(a) Ordered without premium.....	688,951	100.0			
(b) Ordered with material reprinted from this publication.....	None				
(c) Ordered with other premiums, See Par. 9.....	18	0.0			
Total Subscriptions Sold in Period.....	688,969	100.0			

9. EXPLANATORY

(a) Suggested Retail Prices: Subscriptions: U.S., 2 yrs. \$38.95; 3 yrs. \$54.95. Canada, 1 yr. \$38.00. International, 1 yr. \$65.00.

(b) Average non-analyzed non-paid circulation for the 6 month period: 85,122 copies per issue.

(c) Post expiration copies: None.

(d) This publication publishes double issues during the year. Each double issue represents two copies of service during the subscription period. This publication published three double issues during the average calculation period. The average price is based on 23 issues and the annualized price is based on 26 issues.

(e) Included in individual subscriptions is an average of 16,519 copies per issue served to lifetime subscribers. Subscribers paid between \$49.00 and \$99.00 for the lifetime subscriptions.

(f) Club/Membership Subscription Sales (Deductible): The average of 5,214 copies per issue, shown in Par. 6 and included in Par. 1, represents copies served to members of Rock and Roll museums. \$19.97 of the club/membership fee is allocated for a 1 year subscription to this publication.

(g) Loyalty/Award Point Subscription Sales: The average of 499 copies per issue, shown in Par. 6 and included in Par. 1, represents copies served to subscribers in exchange for the redemption of Airline Frequent Flyer Miles. These Subscriptions were sold at 12 issues for \$9.00, in exchange for the redemption of 1,200 points at the rate of 3¢ per mile.

(h) Partnership Subscription Sales (Deductible): The average of 392,896 copies per issue shown in Par. 6 and included in Par. 1, represents copies served in a partnership relationship wherein this publication was bundled with the purchase of other music products or services. Purchasers were advised that \$3.00 to \$25.94 of the sales price was allocated to this publication between 6 and 26 issue subscriptions. The purchaser was able to deduct the amount of the magazine subscriptions. The deduction was processed as a rebate.

(i) Sponsored Subscription Sales: The average of 2,042 copies per issue shown in Par. 6, and included in Par. 1, represents copies purchased by various business concerns in quantities of 11 or more.

(j) Sponsored Single Copy Sales: The average of 2,672 copies per issue, shown in Par. 6 and included in Par. 1, represents copies purchased by various business concerns in quantities of 11 or more.

(k) Use of Premiums: Three song and ten song music downloads, with a value of 99¢ per song, were offered with some subscriptions sold at 26 issues for \$12.97 and 26 issues for \$15.97.

10. VARIANCE

Latest released Audit Report for 12 months ended December 31, 2005; Variation from Publisher's Statements

Audit Period Ended [^]	Rate Base (Paid & Verified)	Audit Report (Paid & Verified)	Publisher's Statements (Paid & Verified)	Difference (Paid & Verified)	Percentage of Difference (Paid & Verified)
12-31-05	(a)	1,294,356	1,309,116	-14,760	-1.1
12-31-04	1,250,000	1,253,297	1,267,109	-13,812	-1.1
12-31-03	1,250,000	1,274,516	1,277,042	-2,526	-0.2
12-31-02	1,250,000	1,259,429	1,263,840	-4,411	-0.3
12-31-01	1,250,000	1,263,856	1,267,254	16,602	1.3

[^]Effective with the June 2006 Publisher's Statements, publications were given the option of reporting verified circulation.

(a) Effective 01/01/05 changed from 1,250,000 to 1,300,000

We certify that to the best of our knowledge all data set forth in this Publisher's Statement are true and report circulation in accordance with Audit Bureau of Circulations' Bylaws and Rules.

Parent Company: Wenner Media LLC.

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MICHAEL SHEEHY

RAY CHELSTOWSKI

Date Signed: July 25, 2007

Circulation Director

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04-0998-0	Analyzed Issue Date	04/05/07
	Analyzed Issue Text (for double month issue date)	
	Average Single Copy Price	5.13
	Association Subscription Price	
	U.S. Subscription Price	25.94
	Canadian Subscription Price	38.00
	International Subscription Price	65.00
	Club/Membership	19.97