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July 8, 2005

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Via Electronic Mail
Federal Trade Commission
Office of the Secretary
c/o William Blumenthal, General Counsel
Room H-159 (Annex G)
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: Tobacco Reports: Paperwork Comments, FTC File No. P054507

Dear Mr. Blumenthal:

The undersigned are Co-Chairs of the Tobacco Committee of the National Association of Attorneys General (“NAAG”). The 46 States that are parties to the Master Settlement Agreement of 1998 (“MSA”) coordinate their administration of the MSA through the Tobacco Committee. The MSA embraces nearly 50 tobacco companies with a combined market share of approximately 94% of the US market. The Supreme Court of the United States has recognized that cigarette smoking is a national health problem of massive dimensions and has described the MSA as “a landmark agreement” in regulating the conduct of the US tobacco industry.

The MSA contains a large array of restrictions on the marketing, promotion and advertising of cigarettes, including a prohibition on targeting youth, a ban on cartoon advertising, a ban on outdoor advertising, a ban on transit advertising, a ban on most cigarette brand name merchandise, restrictions on the promotion by tobacco companies of various sports and entertainment events, restrictions on free sample promotions, and a large number of other important restrictions on advertising and promotion.

In addition, the MSA also obligates cigarette companies that are parties to it to make very large payments to the States. These payments totaled approximately \$6.3 billion for sales year 2004 and must be made annually in perpetuity. The payments are subject to numerous significant adjustments that can materially change the amount

July 8, 2005

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payable. Finally, the MSA also requires the funding of a national foundation to promote counter-advertising and public education regarding the consequences of cigarette smoking.

The Attorneys General of each of the Settling States have responsibility for administering the MSA on behalf of their respective States. In order to discharge this responsibility, they require accurate information regarding the advertising and promotion of cigarettes. The information provided in the FTC Report on cigarette advertising is an absolutely indispensable source of information concerning advertising and promotional activities in the industry and it is of great importance to the Attorneys General in fulfilling their functions under the MSA. It is of paramount importance that the publication of this information continue.

In addition, the information is essential for an important determination involving the level of payments. Discontinuance of publication of this information would make it more difficult for the MSA parties to make this determination accurately and fairly.

As valuable as the information published by the FTC is, the Attorneys General would benefit from being able to review this information at an earlier point. The delay between the date covered by the report and the information provided renders the report somewhat less useful than more current information would be. As this information is the only comprehensive compilation on this subject, we strongly urge the FTC to continue gathering and publishing it and, if possible, to do so on as current a basis as it feasible, consistent with accuracy and reliability.

Sincerely,

Lawrence E. Wasden
Attorney General of Idaho
Co-Chair NAAG Tobacco Committee

Tom Miller
Attorney General of Iowa
Co-Chair NAAG Tobacco Committee