

United States Senate

WASHINGTON, DC 20510

October 1, 2019

Howard Willard
Chief Executive Officer
Altria Group, Inc.
6601 W. Broad Street
Richmond, VA 23230-1723

Dear Mr. Willard:

Tobacco cigarettes manufactured by Altria and other Big Tobacco corporations are responsible for more than 480,000 deaths nationwide each year. But the most popular tobacco product among youth today is e-cigarettes—with 5 million children now vaping. As our Congressional investigation into the e-cigarette company JUUL has noted, the \$12.8 billion investment by Altria for a 35 percent stake in JUUL stands out as a stunning corporate marriage built to relentlessly target children with addictive nicotine products.

While JUUL seeks to portray itself as a safer alternative to cigarettes and an innovative technology company—a portrayal which the Food and Drug Administration (FDA) has warned is illegal—its connections to Altria indicate it is being folded right into Big Tobacco’s playbook. Recent news of Altria’s corporate takeover of JUUL, with a senior Altria executive replacing JUUL’s CEO, further cements this alarming relationship and demands answers for the protection of our public health.

Over the past year, the U.S. Surgeon General, Secretary of Health and Human Services, Centers for Disease Control and Prevention (CDC) Director, and FDA Commissioner have called youth use of e-cigarettes a “public health epidemic.” According to preliminary data from the 2019 National Youth Tobacco Survey (NYTS), youth use of e-cigarettes has skyrocketed by 135 percent just in the past two years. Today, 27.5 percent of high-school students—more than one in four—use e-cigarettes. According to the CDC, JUUL is driving this epidemic.

According to recent data, JUUL owns about 70 percent of the e-cigarette market, with sales increasing 641 percent between 2016 and 2017, from 2.2 million to 16.2 million in unit sales. Despite making unapproved claims that JUUL is a safer alternative to smoking and about how JUUL was distinct from the Big Tobacco industry, the reality of JUUL and Altria’s business decisions lays bare the grim reality. The decision by Altria to invest substantially in JUUL suggests that Altria views JUUL as a gateway for future cigarette smokers, your customers. While this may be good news for your investors, it is bad news for our children.

On September 25, 2019, news emerged that K.C. Crosthwaite, Altria’s Chief Strategy Officer, would replace JUUL’s Chief Executive Officer, Kevin Burns. Despite JUUL’s longstanding claims to be an alternative to cigarettes and distinct from Big Tobacco, this corporate takeover raises major concerns about whether Altria has been calling the shots for JUUL, and the extent of their relationship.

To understand the public health impact of Altria's partnership with JUUL, particularly regarding the basis for your investment, the nature of your relationship, and the recent corporate takeover of JUUL leadership, we request the following documents and responses outlined below, in writing, by October 14, 2019.

1. When did Altria, or any of its employees, consultants, or contractors, first discuss with JUUL, or any of its employees, consultants, or contractors, the potential for a corporate investment from Altria in JUUL?
2. Why did Altria pursue its investment in JUUL?
3. When considering the investment in JUUL, did Altria, or any of its employees, consultants, or contractors, ever ask JUUL if individuals under the age of 18 were using JUUL products? If so, what was the response?
4. When considering the investment in JUUL, did Altria, or any of its employees, consultants, or contractors, ever request sales data, market research, or survey data on the percentage of minors that comprised JUUL's market share, revenue, or user base? If so, please provide such figures and supporting documentation.
 - a. If not, please provide the age and demographic breakdown of JUUL's market share, revenue, or user base at that time, including the percentage comprised of adult smokers, dual users of e-cigarettes and tobacco cigarettes, new users of nicotine, and former smokers.
5. When considering the investment, what percentage of JUUL's sales did Altria estimate or find to be:
 - a. Flavored products (please provide a detailed breakdown across flavors);
 - b. Online compared to sold in retail locations (convenience stores, gas stations, etc.);
 - c. Sold within a 1-mile geographic radius of schools; and
 - d. Made through bulk purchases.
6. When considering the investment, what information did JUUL provide to Altria regarding the company's signature health claim that JUUL products are a safer alternative to smoking? Please provide a copy of all research, health information, medical data, or other relevant clinical information.
7. You have been quoted as saying, "At a time when e-vapor is going to grow rapidly and likely cannibalize the consumers that we have in our core business, if you don't invest in the new areas you potentially put your ability to deliver ... at risk." It is well known from internal tobacco industry documents, made public as part of the Master Tobacco Settlement, that corporations such as Marlboro have targeted children in order to build a

lifelong customer. In fact, according to the CDC, Marlboro cigarettes are the most popular cigarette brand among children in the United States, with 48.8 percent of high school smokers preferring Marlboro cigarettes.

- a. Given the popularity and use of Marlboro cigarettes among youth, are you concerned about JUUL “cannibalizing” this customer base?
 - b. Do you view JUUL’s e-cigarette product as a smoking cessation device?
 - c. In an October 25, 2018, letter to the FDA, Altria said, “Based on the publicly available information from FDA and others, we believe that pod-based products significantly contribute to the rise in youth use of e-vapor products.” Your letter further stated that, to avoid the risk of youth use, Altria would remove its pod-based products from the market until it received a marketing order from the FDA or the youth use issue was otherwise addressed. Was there a point in time between this October 25, 2018, letter and the announcement of Altria’s \$12.8 billion investment in JUUL when you changed your mind that “pod-based products significantly contribute to the risk in youth use of e-vapor products”? If so, please explain what information contributed to that shift.
8. Many Wall Street investors were surprised by the \$38 billion valuation. When considering the investment, how did Altria anticipate JUUL’s market share, revenue, and user base growing over the next year, three years, and five years? What was the explanation and growth strategy underlying such projections?
- a. Please provide a copy of all projections, estimates, and sales data that JUUL provided to Altria during the process of considering the investment.
9. Please provide a copy of the contract materials, terms of agreement, and any other information, not presently found on the Securities and Exchange Commission (SEC) website, that formalized Altria’s investment in JUUL.
10. In an April 25, 2019, response letter to Congress, JUUL stated that, “An investor would have to back up its commitment with tangible actions and real value outside of its financial investment. Altria did that by agreeing to provide us services that will accelerate our ability to get JUUL products in the hands of adult smokers. Altria will provide [JUUL] access to Altria’s premier tobacco products retail shelf space.” And Altria’s 8-K form filed with the SEC on December 19, 2018, stipulates that, “Altria and JUUL have also entered into a services agreement pursuant to which Altria has agreed to provide JUUL with certain commercial services...to JUUL with respect to logistics and distribution, access to retail shelf space ... regulatory matters and government affairs.”
- a. Since the investment was finalized, what is the nature of the daily relationship between JUUL and Altria?
 - b. Through which specific “services” is Altria fulfilling its “commitment” to JUUL?

- c. Has Altria, or any of its employees, consultants, or contractors, provided legal, government relations, lobbying, or regulatory assistance to JUUL, or any of its employees, consultants, or contractors, since the investment was finalized? If so, please describe such specific services in detail.
 - i. In particular, has Altria, or any of its employees, consultants, or contractors provided any such assistance with respect to communications, engagement, or submissions to the FDA? If so, please describe such specific services in detail.
 - ii. Did Altria, or any of its employees, consultants, or contractors provide any such assistance with respect to Mr. Monsees' Congressional testimony on July 24, 2019?
 - d. Has Altria, or any of its employees, consultants, or contractors, provided media, marketing, advertising, or communications assistance, guidance, or recommendations to JUUL, or any of its employees, consultants, or contractors, since the investment was finalized? If so, please describe such specific services in detail.
 - e. Has Altria, or any of its employees, consultants, or contractors, provided sales, customer, business contracting/purchasing, retail, distribution, or any other business assistance, guidance, or recommendations to JUUL, or any of its employees, consultants, or contractors, since the investment was finalized? If so, please describe such specific services in detail.
 - f. Has Altria, or any of its employees, consultants, or contractors, ever provided scientific, medical, technological, research, health, or any other clinical assistance, guidance, or recommendations to JUUL, or any of its employees, consultants, or contractors, since the investment was finalized? If so, please describe such specific services in detail.
11. According to Altria's 8-K form, the investment "entitles Altria to immediately designate one board observer to the JUUL board of directors ... and, once antitrust clearance has been obtained, to designate one-third of the members of the JUUL board of directors."
- a. Please provide the name of the board observer designated to the JUUL board of directors.
 - b. Has Altria designated board members yet? If so, please provide the names of such board member designees and the dates of their designations.
12. To your knowledge, is JUUL a manufacturer of e-cigarettes or electronic nicotine delivery systems?

13. Please describe how the decision was made for Mr. Crosthwaite to lead JUUL?
- a. Prior to September 25, 2019, did Mr. Crosthwaite have personal oversight or responsibility for Altria's investment in JUUL?
14. What will be Mr. Crosthwaite's relationship with Altria going forward? Will Mr. Crosthwaite maintain any responsibilities at Altria?
15. As part of the September 25, 2019, press reports, it was announced that Altria and Philip Morris International ended talks for a potential merger.
- a. Why did those discussions begin?
- b. Why did those discussions end?

Thank you for your immediate attention to this matter.

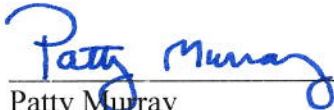
Sincerely,



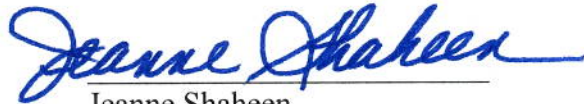
Richard J. Durbin
United States Senator



Sherrod Brown
United States Senator



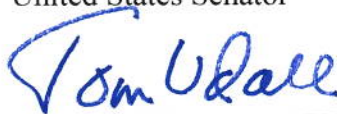
Patty Murray
United States Senator



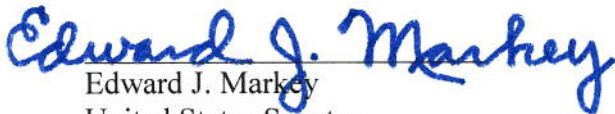
Jeanne Shaheen
United States Senator



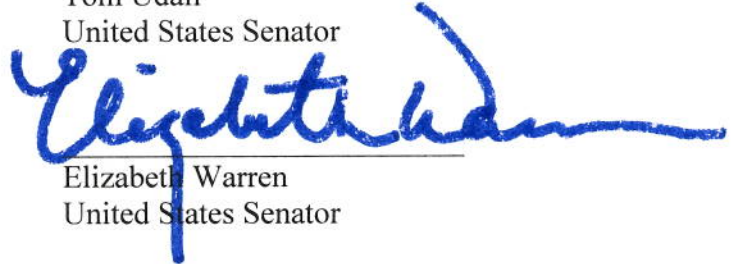
Richard Blumenthal
United States Senator



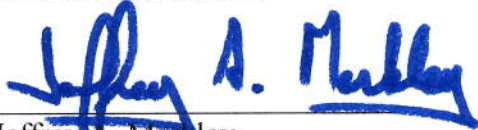
Tom Udall
United States Senator



Edward J. Markey
United States Senator



Elizabeth Warren
United States Senator



Jeffrey A. Merkley
United States Senator