

Marketing Requirements Document

3% Tobacco & Mint Pods

OVERVIEW

It is proposed to introduce 2 new refill kit SKUs with 3% nicotine to be sold online and into the vape channel.

Proposed timeline is scheduled for a May/June 2016 launch. Production needs to begin as soon as possible to meet this deadline.

VALUE PROPOSITION:

Based on feedback from retailers, customer service and social media, many consumers feel that 5% nicotine strength is too strong. Our current nicotine level in pods is much higher than other e-cigs in our category, so offering lower nic levels will allow us to capture this segment of the market.

We have also received requests within the vape channel to offer varying nicotine strengths – providing this optionality should help with selling into this channel.

Many consumers are skeptical to try JUUL because it is a closed system – offering varying nic strengths will better appeal to a greater breadth of dedicated vapers who are accustomed to being able to use a variety of juice strengths with their open systems.

Because all of the evidence to support releasing lower nicotine refill kits is anecdotal, it is proposed that a low cost, low impact test be run to gather more quantitative data on how diversifying Juul nicotine levels will affect overall market performance.

This product launch will also allow us to gain insight on a consumer preference and use habits:

- Consumer demand: do lower nic levels attract additional consumers?
- Velocity: do consumers have different purchasing patterns when buying lower nicotine pods?

MARKET OPPORTUNITY:

Varying nicotine strengths is a common offering in the vape channel and will allow us better positioning in the marketplace for attracting first time and experienced vape enthusiasts. This is a channel where optionality is a huge purchase driver, and we need to make sure we are continuing to innovate and offer consumers a variety of products to choose from.

VALUE OFFERINGS:

- This initiative will allow us to measure consumer demand for lower nic levels and give us insight into rolling out varying strengths for other pod flavors.
- This initiative will provide insights into how consumer behaviors change when lower nicotine pods are available for purchase.
- Provide a stronger sell-in proposition in the vape and independent channel
- Improve our flavor portfolio and capture consumer preference data

REGULATORY/LEGAL ANALYSIS:

Advertising Restrictions

- After discussing with compliance team, there is no regulatory impact of this initiative beyond those that already affect the Juul product, listed below:

Age Restrictions

| STATE | EFFECTIVE AREA | MINIMUM AGE |
|--------------|-----------------------|--------------------|
| AK | Entire State | 19 |
| AL | Entire State | 19 |
| AR | Entire State | 19 |

| | | |
|----|---|----|
| CA | 94701, 94702, 94703, 94704, 94705, 94707, 94708, 94709, 94710, 94712, 94720, 94022, 94023, 94024, 94035, 94039, 94040, 94041, 94042, 94043, 94085, 94086, 94087, 94088, 94089, 94090, 94301, 94302, 94303, 94304, 94305, 94306, 94309, 94310, 95002, 95008, 95009, 95011, 95013, 95014, 95015, 95020, 95021, 95026, 95030, 95031, 95032, 95035, 95036, 95037, 95038, 95042, 95044, 95046, 95050, 95051, 95052, 95054, 95055, 95056, 95070, 95071, 95101, 95102, 95103, 95106, 95108, 95109, 95110, 95111, 95112, 95113, 95114, 95115, 95116, 95117, 95118, 95119, 95120, 95121, 95122, 95123, 95124, 95125, 95126, 95127, 95128, 95129, 95130, 95131, 95132, 95133, 95134, 95135, 95136, 95137, 95138, 95139, 95140, 95141, 95142, 95148, 95150, 95151, 95152, 95153, 95154, 95155, 95156, 95157, 95158, 95159, 95160, 95161, 95164, 95170, 95171, 95172, 95173, 95190, 95191, 95192, 95103, 95194, 95196 | 21 |
| HI | Entire State | 21 |
| KS | 66101, 66102, 66103, 66104, 66105, 66106, 66109, 66110, 66111, 66112, 66115, 66117, 66118, 66119, 66160 | 21 |

| | | |
|----|---|----|
| MA | 02143, 02144, 02145, 02571, 02492, 02494, 02067, 02021, 02026, 02027, 02030, 01886, 02040, 02055, 02060, 02066, 01770, 02180, 02481, 02482, 01749, 02176, 02458, 02459, 02460, 02461, 02462, 02464, 02465, 02495, 02062, 01864, 01867, 01889, 01880, 01890, 02664, 02673, 02675, 02035, 02053, 01010, 02090, 02184, 02185, 01531, 01742, 01718, 01719, 01720, 01721, 02478, 02324, 02325, 02333, 02379, 01066, 01088, 01038, 02045, 01773, 02186, 02187, 01970, 01971, 01906, 01778, 01810, 01812, 01845, 01899, 05501, 05544, 02331, 02332, 01840, 01841, 01842, 01843, 01054, 02451, 02452, 02453, 02454, 02455, 01075, 02364, 02445, 02446, 02447, 02138, 02139, 02140, 02141, 02142, 02163, 02238, 02239, 01923, 01701, 01702, 01703, 01704, 01705, 01301, 01302, 02420, 02421, 02148, 01351, 01532, 01745, 01772, 02071, 02081, 02032, 02474, 02475, 02476, 01756, 01002, 01003, 01004, 01059, 02631, 01354, 01040, 01041, 01752, 02050, 02051, 02059, 02065, 01844, 01760, 02642, 02651, 02031, 02048, 02471, 02472, 02477, 01224, 01237, 01267, 02052, 01093, 01887, 02143, 02144, 02145, 02571 | 21 |
| MO | 64101, 64102, 64105, 64106, 64108, 64109, 64110, 64111, 64112, 64113, 64114, 64116, 64117, 64118, 64119, 64119, 64120, 64121, 64123, 64124, 64125, 64126, 64127, 64128, 64129, 64130, 64131, 64132, 64133, 64134, 64136, 64137, 64138, 64139, 64141, 64144, 64145, 64146, 64147, 64148, 64149, 64151, 64152, 64153, 64154, 64155, 64156, 64157, 64158, 64161, 64163, 64164, 64165, 64166, 64167, 64168, 64170, 64171, 64172, 64179, 64180, 64183, 64184, 64187, 64188, 64190, 64191, 64192, 64193, 64195, 64196, 64197, 64198, 64199, 64999, 65201, 65202, 65203, 65205, 65211, 65212, 65215, 65216, 65217, 65218, 65299, 64050, 64051, 64052, 64053, 64054, 64055, 64056, 64057, 64058 | 21 |
| NJ | Entire State (Exceptions Below) | 19 |
| NJ | 07109, 07621, 07603, 07073, 07631, 07026, 08904, 07642, 07652, 07653, 07501, 07502, 07503, 07504, 07505, 07509, 07510, 07513, 07514, 07522, 07524, 07533, 07543, 07544, 05840, 08541, 08542, 08543, 08544, 07070, 08871, 08872, 07666, 07670, 07675, 07481 | 21 |

| | | |
|----|--|----|
| NY | 11002, 11023, 11050, 11096, 11516, 11542, 11551, 11557, 11565, 11572, 11581, 11709, 11756, 11783, 11803, 11003, 11024, 11051, 11501, 11518, 11545, 11552, 11558, 11566, 11575, 11582, 11710, 11758, 11791, 11804, 11010, 11026, 11052, 11507, 11520, 11547, 11553, 11559, 11568, 11576, 11590, 11714, 11762, 11793, 11815, 11020, 11027, 11053, 11509, 11530, 11548, 11554, 11560, 11569, 11577, 11596, 11732, 11765, 11797, 11819, 11021, 11030, 11054, 11510, 11531, 11549, 11555, 11561, 11570, 11579, 11598, 11737, 11771, 11801, 11853, 11022, 11042, 11055, 11514, 11535, 11550, 11556, 11563, 11571, 11580, 11599, 11753, 11773, 11802, 11854, 13020, 13057, 13089, 13119, 13201, 13207, 13214, 13221, 13251, 13029, 13063, 13090, 13120, 13202, 13208, 13215, 13224, 13252, 13031, 13066, 13108, 13137, 13203, 13209, 13217, 13225, 13261, 13039, 13078, 13110, 13138, 13204, 13210, 13218, 13235, 13290, 13041, 13084, 13112, 13153, 13205, 13211, 13219, 13244, 13051, 13088, 13116, 13164, 13206, 13212, 13220, 13250 | 19 |
| NY | 00501, 11704, 11716, 11722, 11730, 11741, 11751, 11763, 11770, 11779, 11788, 11796, 11933, 11941, 11949, 11955, 11961, 11968, 11975, 00544, 11705, 11717, 11724, 11731, 11742, 11752, 11764, 11772, 11780, 11789, 11798, 11934, 11942, 11950, 11956, 11962, 11969, 11976, 06390, 11706, 11718, 11725, 11733, 11743, 11754, 11766, 11775, 11782, 11790, 11901, 11935, 11944, 11951, 11957, 11963, 11970, 11977, 11701, 11707, 11719, 11726, 11738, 11746, 11755, 11767, 11776, 11784, 11792, 11930, 11937, 11946, 11952, 11958, 11964, 11971, 11978, 11702, 11713, 11720, 11727, 11739, 11747, 11757, 11768, 11777, 11786, 11794, 11931, 11939, 11947, 11953, 11959, 11965, 11972, 11980, 11703, 11715, 11721, 11729, 11740, 11749, 11760, 11769, 11778, 11787, 11795, 11932, 11940, 11948, 11954, 11960, 11967, 11973 | 21 |

| | | |
|----|--|----|
| OH | 43209, 44101, 44102, 44103, 44104, 44105, 44106, 44108, 44109, 44110, 44111, 44112, 44113, 44114, 44115, 44118, 44119, 44120, 44121, 44124, 44125, 44126, 44127, 44128, 44129, 44130, 44134, 44135, 44143, 44144, 44178, 44181, 44185, 44188, 44189, 44190, 44191, 44192, 44193, 44194, 44195, 44197, 44198, 44199, 43212, 43054, 43220, 43221 | 21 |
|----|--|----|

Child-Resistant Packaging

- JUULpods are exempt from Child-Resistant Packaging Requirements

Coupon/Sampling Restrictions

| STATE | EFFECTIVE AREA | RESTRICTION |
|--------------|--|--------------------------------|
| AR | Entire State | No Free Product |
| CO | 80221, 80229, 80233, 80234, 80260, 80222, 80231, 80246, 80247, 80201, 80202, 80203, 80204, 80205, 80206, 80207, 80208, 80209, 80210, 80211, 80212, 80216, 80217, 80218, 80219, 80220, 80223, 80224, 80225, 80230, 80236, 80237, 80238, 80239, 80243, 80244, 80248, 80249, 80250, 80251, 80252, 80257, 80259, 80261, 80262, 80263, 80264, 80265, 80266, 80271, 80273, 80274, 80279, 80280, 80281, 80290, 80291, 80293, 80294, 80295, 80299, 80214, 80215, 80226, 80227, 80228, 80232, 80235 | No Free Product |
| IA | 52601, 52732, 52761 | No Price & Shipping Promotions |

| | | |
|----|---|--|
| IL | 60101, 60803, 60803, 60010, 60402, 60455 60089, 60459, 60613, 60614, 60610, 60607, 60629, 60647, 60415, 60525, 60014, 60012, 60010, 60115, 60018, 60016, 60805, 60131, 60425, 60133, 62644, 60457, 60430, 60901, 60439, 60712, 60148, 60534, 60428, 60443, 60445, 60060, 60565, 60564, 60563, 60540, 60523, 60452, 60453, 60302, 60461, 60447, 60074, 60465, 60464, 60466, 61614, 61604, 61525, 60305, ;62881, 60193, 60475, 60107, 60501, 60487, 60477, 60154, 61603, 60480, 60098, 60482 | No Price & Shipping Promotions |
| MA | Entire State | No Coupons, No Free Products, No Discount, No Samples |
| MD | 21550, 21793 | No Price & Shipping Promotions |
| MI | 48823 | No Price & Shipping Promotions |
| OH | 44004, 43725, 44406, 43015, 44240, 44107, 43035, 44663, 43065, 44266, 44241, 44281 | No Price & Shipping Promotions |
| PA | 17325, 17032, 19608 | No Price & Shipping Promotions |
| VA | 22801, 20169, 24019, 24012, 24151 | No Price & Shipping Promotions |
| WI | 53188, 53186, 53189 | No Price & Shipping Promotions |

Excise Tax Requirements

| STATE | TAX RATE | UNIT OF MEASURE |
|-------|----------|-----------------|
|-------|----------|-----------------|

| | | |
|----|--------|-----------------|
| MN | 95% | WHOLESALE PRICE |
| NC | \$0.05 | PER ML |

Flavor Restrictions

| STATE | EFFECTIVE AREA | RESTRICTED FLAVORS |
|--------------|--|---------------------------|
| CA | 95476, 94701, 94702, 94703, 94704, 94705, 94707, 94708, 94709, 94710, 94712, 94720 | Brulee, Coco Mint, Fruit |
| MA | 02474, 02476, 01330, 01721, 01339, 01742, 01354, 01301, 01302, 02338, 01038, 01237, 01752, 01760, 02458, 01845, 01532, 02471, 02472, 02477 | Brulee, Coco Mint, Fruit |
| RI | 02863 | Brulee, Coco Mint, Fruit |

Internet Sales Restrictions

| STATE | EFFECTIVE AREA |
|---|-----------------------|
| AR | Entire State |
| MA | 02478 |
| UT | Entire State |
| <i>*INCLUDING ALL INTERNATIONAL (INCLUDING PUERTO RICO AND U.S. VIRGIN ISLANDS)</i> | |