

**UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
OFFICE OF THE ADMINISTRATIVE LAW JUDGES**

**In the Matter of**

**Altria Group, Inc.  
a corporation,**

**and**

**Juul Labs, Inc.  
a corporation,**

**Respondents.**

**Docket No. 9393**

**RESPONDENT ALTRIA GROUP INC.'S THIRD MOTION  
FOR *IN CAMERA* TREATMENT OF CERTAIN TRIAL EXHIBITS**

Altria Group, Inc. (“Altria”) respectfully moves under 16 C.F.R. § 3.45 for *in camera* treatment of certain pages of three trial exhibits. The exhibits and selected pages are identified in Exhibit 1. As explained here and in the accompanying declaration of Elizabeth A. O’Hara, Director, Litigation Support at Altria Client Services, LLC (the “O’Hara Declaration,” attached as Exhibit 2), the public disclosure of the information in the selected pages of these three exhibits “will likely result in a clearly defined, serious injury” to Altria. 16 C.F.R. § 3.45(b).

**I. LEGAL STANDARD**

Parties to a Rule 3 proceeding may move the Court to “obtain *in camera* treatment for material, or portions thereof, offered into evidence.” 16 C.F.R. § 3.45(b). *In camera* treatment is appropriate if public disclosure of the information is likely to “result in a clearly defined, serious injury to the person, partnership, or corporation requesting *in camera* treatment.” *Id.*

“[M]aterial made subject to an *in camera* order will be kept confidential and not placed on the public record of the proceeding in which it was submitted.” 16 C.F.R. § 3.45(a). “Only respondents, their counsel, authorized Commission personnel, and court personnel concerned with

judicial review may have access thereto, provided that the Administrative Law Judge, the Commission and reviewing courts may disclose such *in camera* material to the extent necessary for the proper disposition of the proceeding.” 16 C.F.R. § 3.45(a).

*In camera* review can be appropriate not just for trade secrets and highly detailed cost data, but also a wide spectrum of ordinary business records “such as customer names, pricing to customers, business costs and profits, as well as business plans, marketing plans, or sales documents.” *In the Matter of 1-800 Contacts, Inc.*, 2017 FTC LEXIS 55, at \*5-6. *In camera* treatment for ordinary business records is typically granted for two to five years. *See id.* at \*5-\*6.

## **II. ARGUMENT**

Altria requests *in camera* treatment for portions of three newly added trial exhibits. As sensitive business records that would cause serious and clearly defined injury to Altria if made public, protection is warranted for five years for each of the passages of these exhibits listed in Exhibit 1.

The selected pages all contain in-depth financial and strategic information and analyses about Altria’s businesses other than the e-vapor products at issue in this proceeding. Specifically, the pages concern [REDACTED] Such information is not only competitively sensitive, but also irrelevant to this proceeding. *See In re H.P. Hood & Sons, Inc.*, 1961 WL 65882, at \*4 (counseling that courts “protect confidential business information from unnecessary airing” when public interest does not weigh in favor of its disclosure). As a result, the same protection should be granted that the Court granted to similar documents in its May 19, 2021 Order.

### III. CONCLUSION

Given the risk that public disclosure of these materials would cause serious injury to its business, Altria respectfully requests an *in camera* order to protect the documents or portions thereof from public disclosure for five years.

Dated: June 1, 2021

By: s/ Beth Wilkinson

Beth Wilkinson  
James Rosenthal  
Hayter Whitman  
Wilkinson Stekloff LLP  
2001 M Street NW, 10th Floor  
Washington, DC 20036  
Telephone: (202) 847-4000

Moira Penza  
Ralia Polechronis  
Wilkinson Stekloff LLP  
130 West 42nd Street, 24th Floor  
New York, NY 10036  
Telephone: (212) 294-8910

Jonathan M. Moses  
Kevin S. Schwartz  
Adam L. Goodman  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, NY 10019  
Telephone: (212) 403-1000

*Counsel for Altria Group, Inc.*

**UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
OFFICE OF THE ADMINISTRATIVE LAW JUDGES**

**In the Matter of**

**Altria Group, Inc.  
a corporation,**

**and**

**Juul Labs, Inc.  
a corporation,**

**Respondents.**

**Docket No. 9393**

**[PROPOSED] ORDER**

Upon consideration of Altria Group, Inc.'s Third Motion for *In Camera* Treatment of Certain Trial Exhibits, it is hereby

ORDERED, that Altria's motion is GRANTED, and it is further

ORDERED, that pursuant to Rule 3.45(b) of the Federal Trade Commission Rules of Practice, 16 C.F.R. § 3.45(b), the documents identified in Exhibit 1 to the Motion shall be subject to *in camera* treatment and will be kept confidential and not placed on the public record of this proceeding.

Date: \_\_\_\_\_

\_\_\_\_\_  
D. Michael Chappell  
Chief Administrative Law Judge

# EXHIBIT 1

**EXHIBIT 1 TO ALTRIA'S THIRD MOTION FOR IN  
CAMERA TREATMENT OF CERTAIN TRIAL EXHIBITS**

**PUBLIC**

EX	Description	Date	Family Begin Bates	Family End Bates	Reason for Confidentiality	Citations	Years of Protection
RX2009	[REDACTED]	11/13/2018	ALGFTC0000231164	ALGFTC0000231172	[REDACTED]	-006 to -009	Five years
RX2013	[REDACTED]	10/03/2018	ALGFTC0000244041	ALGFTC0000244074	[REDACTED]	-006 through -014 -022 through -030 -038 through -046 -054 through -062	Five years
RX2014	[REDACTED]	11/06/2018	ALGFTC0001099606	ALGFTC0001099620	[REDACTED]	-003 -005 through -015	Five years

# EXHIBIT 2

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**In the Matter of**  
**Altria Group, Inc.,**  
**a corporation;**  
**and**  
**JUUL Labs, Inc.,**  
**a corporation.**

**Docket No. 9393**

**CONFIDENTIAL**

**DECLARATION OF ELIZABETH A. O’HARA**

I, Elizabeth A. O’Hara, state as follows:

1. I am employed by Altria Client Services, LLC, a subsidiary of Altria Group, Inc. (“Altria” or “Respondent”). I serve as Director, Litigation Support. In that capacity I focus on providing Altria and its operating companies with legal services, including those related to ongoing litigations.
2. I submit this declaration in support of Altria’s Third Motion for *In Camera* Treatment of Certain Trial Exhibits pursuant to the Federal Trade Commission’s Rules of Practice for Adjudicative Proceedings, 16 C.F.R. § 3.45. Altria seeks *in camera* treatment for portions of the three trial exhibits identified in Exhibit 1.
3. I have personal knowledge of the trial exhibits identified in the Motion, their competitive significance to Altria, and the level of confidentiality associated with their contents. Based on

my review of the materials listed in Exhibit 1 and submitted via the FTP link provided to FTC staff, my conversations with the individuals who reviewed the documents at my direction, my knowledge of Altria's business, and my familiarity with the confidentiality protection afforded to this type of information by Altria, I submit that disclosure of these exhibits to the public and/or Altria's competitors and customers would result in serious competitive injury to Altria.

4. In the ordinary course of business, Altria would treat this information as strictly confidential and would limit its disclosure to employees that need to know it to perform their business function. Altria also takes reasonable steps to protect its network and electronically stored information to prevent access by outside parties.

5. Each document identified in Exhibit 1 was designated as "Confidential Material" pursuant to the Protective Order entered on April 2, 2020.

6. Each document identified in Exhibit 1 is less than three years old.

7. For each document, Exhibit 1 identifies the exhibit number, the Bates range of the exhibit, a description of the document, a description of the relevant category of confidential information, the pages of the exhibit for which *in camera* treatment is sought, and the duration of time for which *in camera* treatment is sought.

8. The portions of documents listed in Exhibit 1 contain [REDACTED]  
[REDACTED]  
[REDACTED] will allow competitors to take advantage of any perceived weaknesses it identifies in Altria's plans or otherwise design strategies to unfairly undermine Altria's positions or strategies in the market.

**PUBLIC**

9. Public access to this information would thus cause serious competitive injury to Altria. I believe this information should remain confidential.

Executed this June 1, 2021 in Richmond, VA.



Elizabeth A. O'Hara

# EXHIBIT 3

**RX2009**

---

**From:** Heath, Chequetta N. (ALCS)  
**Sent:** Tuesday, November 13, 2018 2:05 PM  
**To:** Willard, Howard A. (ALG); Gifford, William F. Jr (ALG); Mancuso, Salvatore "Sal" (ALG)  
**Cc:** Tucker, James W. "Jim" (ALCS); Bueno-Tully, Esmeralda J. (ALG); Lobosco-Seibert, Providence M. "Enza" (ALG); Barker, Deborah J. (ALG); Kessler, Raymond S. "Scott" (ALCS); Simmons, Neil A. (ALCS); Carter, Dyani A. (ALCS)  
**Subject:** October 2018 Flash  
**Attachments:** October 2018 Flash -FINAL - dist 11 13 18.pdf

**Highly Confidential #Secure**

Attached is the October 2018 Flash package.

Thanks,

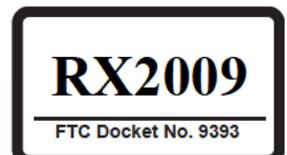
*Chequetta N. Heath*

Corporate Planning & Analysis

[Chequetta.N.Heath@altria.com](mailto:Chequetta.N.Heath@altria.com)

(804) 484-8853

CONFIDENTIAL



ALGFTC0000231164

RX2009-001

**FINAL**  
**as of 11-13-2018**

## October 2018 Flash

*HIGHLY*  
*CONFIDENTIAL*



**Altria**

Note: OCI for 2018 OB (presented in the February BOD meeting) has been adjusted to include the new Pension Accounting treatment and to reflect the one-time company bonus and the direct charge of R&D and Regulatory Affairs. These adjustments did not affect Net Income or EPS.

Document Owner: CP&A

**CONFIDENTIAL**

ALGFTC0000231165

RX2009-002

**ALTRIA GROUP, INC.**  
**October 2018 Flash**

(\$ in Millions, except EPS)

REPORTED:	CURRENT PERIOD				YEAR-TO-DATE			
	October Actual	Variance vs.		% Change vs. 2017	October Actual	Variance vs.		% Change vs. 2017
		2018 OB Adj.	2017 Actual			2018 OB Adj.	2017 Actual	
Net Earnings	\$ 530	\$ (219)	\$ 87	19.6%	\$ 6,243	\$ 88	\$ 544	9.5%
EPS	\$ 0.28	\$ (0.12)	\$ 0.05	21.7%	\$ 3.30	\$ 0.06	\$ 0.34	11.5%
<b>ADJUSTED:</b>								
Net Earnings	\$ 532	\$ (230)	\$ 88	19.8%	\$ 6,286	\$ (3)	\$ 1,064	20.4%
EPS	\$ 0.28	\$ (0.12)	\$ 0.05	21.7%	\$ 3.32	\$ 0.01	\$ 0.61	22.5%

Current Period - Adjusted OCI (By Segment)	Actual	Variance vs.	
		2018 OB	2017 Actual
Smokeable	\$ 614	\$ (249)	\$ 76
Smokeless	122	(8)	(5)
Wine	6	(14)	(9)
All Other	(21)	(3)	(19)
<b>Total Adjusted Operating Companies Income</b>	<b>\$ 721</b>	<b>\$ (274)</b>	<b>\$ 43</b>

Year-To-Date - Adjusted OCI (By Segment)	Actual	Variance vs.	
		2018 OB	2017 Actual
Smokeable	\$ 7,076	\$ (111)	\$ (31)
Smokeless	1,226	14	106
Wine	79	(23)	(18)
All Other	(142)	18	(109)
<b>Total Adjusted Operating Companies Income</b>	<b>\$ 8,239</b>	<b>\$ (102)</b>	<b>\$ (52)</b>

See attached commentary by Segment

Document Owner: CP&A

CONFIDENTIAL

ALGFTC0000231166

RX2009-003

**ALTRIA GROUP, INC.**  
**October 2018 Flash**  
**VOLUME VARIANCE**

CURRENT PERIOD				YEAR TO DATE		
2018	Variance vs.			2018	Variance vs.	
	2018 OB	2017 Actual			2018 OB	2017 Actual
			<b><u>Smokeable Products</u></b>			
7.8	(2.0)	(0.1)	Cigarettes (billions of units)	92.3	(2.2)	(5.7)
141	9	15	Cigars (millions of units)	1,347	(21)	63
			<b><u>Smokeless Products</u></b>			
70.5	(1.5)	(5.2)	USSTC Cans (millions of units)	695.3	(4.3)	(9.8)
			<b><u>Wine</u></b>			
522	(406)	(271)	Wine Cases (thousands of cases)*	6,389	(654)	(132)

( ) Denotes unfavorable

\* Excludes Cider

Document Owner: CP&A

CONFIDENTIAL

ALGFTC0000231167

RX2009-004

**ALTRIA GROUP, INC.**  
**October 2018 FLASH - Year-to-Date**

**ADJUSTED P&L**

(\$ in Millions, except EPS)

	2018	Variance vs.		% Δ vs. 2017
		2018 OB Adj.	2017 Actual	
Smokeable	\$ 7,076	\$ (111)	\$ (31)	(0.4)%
Smokeless	1,226	14	106	9.5%
Wine	79	(23)	(18)	(18.6)%
All Other	(142)	18	(109)	(+100.0)%
Operating Companies Income	\$ 8,239	\$ (102)	\$ (52)	(0.6)%
Corporate Expense	(179)	9	(4)	(2.3)%
Net Periodic Benefit Income, excl. Service Cost	41	22	-	-- %
Financing Costs	(546)	51	25	4.4%
Amortization	(32)	(13)	(15)	(88.2)%
ABI	667	30	141	26.8%
Net Earnings Before Taxes	\$ 8,190	(3)	\$ 95	1.2%
Income Taxes	(1,901)	-	968	33.7%
Minority Interest	(3)	-	1	
Net Earnings	\$ 6,286	\$ (3)	\$ 1,064	20.4%
Adjusted EPS	\$ 3.32	\$ 0.01	\$ 0.61	22.5%
PMCC	\$ 18	\$ (5)	\$ (1)	
Nu Mark	(113)	(11)	(59)	
AVI / ACL	(1)	(1)	(3)	
IQOS	(32)	30	(32)	
Verve	(14)	5	(14)	
Total All Other	\$ (142)	\$ 18	\$ (109)	

( ) Denotes Expense and Unfavorable Variance

Document Owner: CP&A

CONFIDENTIAL

ALGFTC0000231168

RX2009-005









**RX2013**

---

**From:** Cheely, Russell V. (ALCS)  
**Sent:** Wednesday, October 03, 2018 9:44 AM  
**To:** Willard, Howard A. (ALG); Gifford, William F. Jr (ALG); Mancuso, Salvatore "Sal" (ALG); Begley, Jody L. (ALG); Simmons, Neil A. (ALCS); Yager, Tracey C. "Craig" (ALCS); Tucker, James W. "Jim" (ALCS); Saunders, Jerrell D. (ALCS); Negaard, Kraig A. (ALCS); Poindexter, Kurt B. "Brad" (ALCS); Marshall, William S. (ALCS); Heath, Chequetta N. (ALCS); Francisco, Katie L. (ALCS); Stewart, William T. IV (ALCS)  
**Cc:** Gillam, Ryan E. (ALCS); Clark, Kyle (ALCS)  
**Subject:** Q3 2018 DWG Package  
**Attachments:** image003.jpg; DWG -(10.3.18) Consolidated Draft.pptx; DWG -(10.3.18) Consolidated Draft.pdf

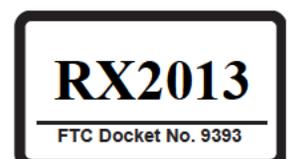
Highly Confidential

Attached is the Q3 2018 Tobacco Operating Companies DWG package. I have added a PDF version for more clarity on mobile devices.

Please contact me if you have any questions.

Thanks,

Russell V. Cheely  
Altria Client Services  
Financial Planning & Analysis  
Phone: (804) 484-8942  
[\[cid:image003.jpg@01D45AFD.A63A6EA0\]](mailto:cid:image003.jpg@01D45AFD.A63A6EA0)



**PRODUCED IN NATIVE FORMAT**

**CONFIDENTIAL**

**ALGFTC0000244042**

**RX2013-002**

# Tobacco Operating Companies Q3 and Q3 YTD 2018 LE - DWG

*October 3, 2018*

# 2018 Q3 LE Operating Companies OCI

\$ in Millions

	<u>LE</u>	<u>OB</u>	<u>PY</u>	<u>LE vs OB</u>	<u>LE vs PY</u>
<b>Smokeable</b> <i>Change vs PY</i>	\$2,286 -%	\$2,290 0.2%	\$2,286 7.6%	(\$4)	\$--
<b>Smokeless</b> <i>Change vs PY</i>	\$374 4.5%	\$376 5.0%	\$358 14.4%	(\$2)	\$16
<b>Nu Mark</b>	<u>(\$35)</u>	<u>(\$34)</u>	<u>(\$12)</u>	<u>(\$1)</u>	<u>(\$23)</u>
<b>Total</b>	\$2,625 (0.3%)	\$2,632 -%	\$2,632 9.5%	(\$7)	(\$7)

( ) Denotes Unfavorable

# Smokeable 3<sup>rd</sup> Quarter 2018 LE – DWG

*October 3, 2018*















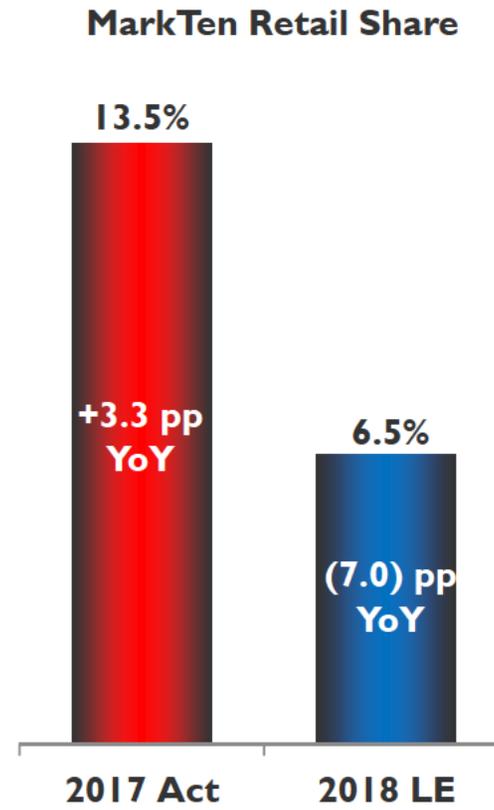
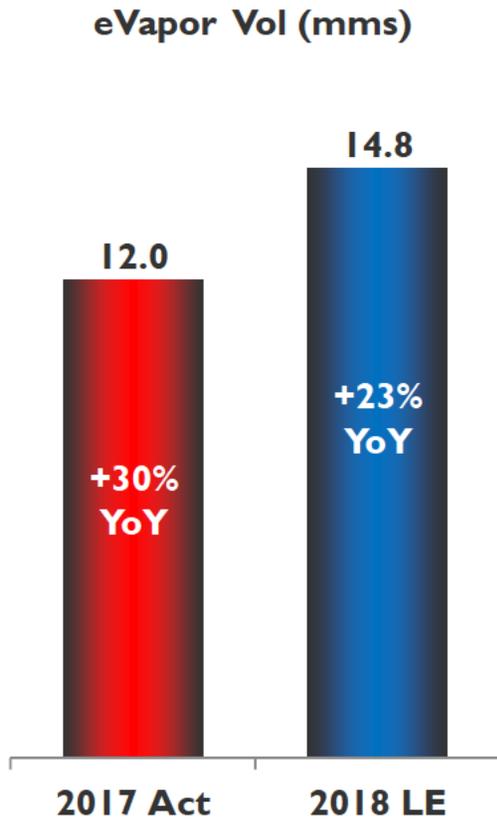




# Nu Mark 3rd Quarter 2018 LE – DWG

*October 3, 2018*

# Nu Mark Q3 Gross Volume & Share – 2018 LE

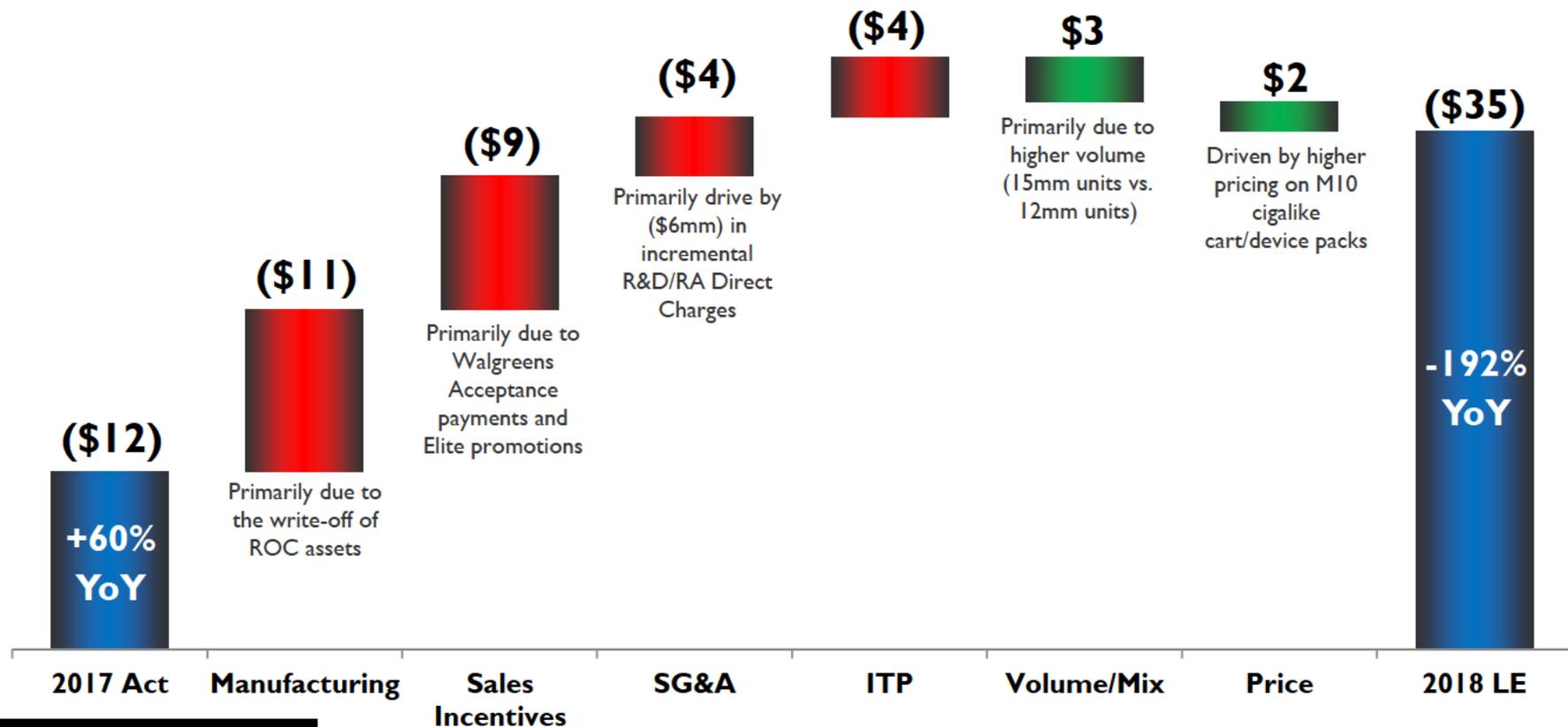


Source: CMI

# 2018 Q3 LE vs 2017 Q3 - Nu Mark OCI Bridge

\$ in Millions

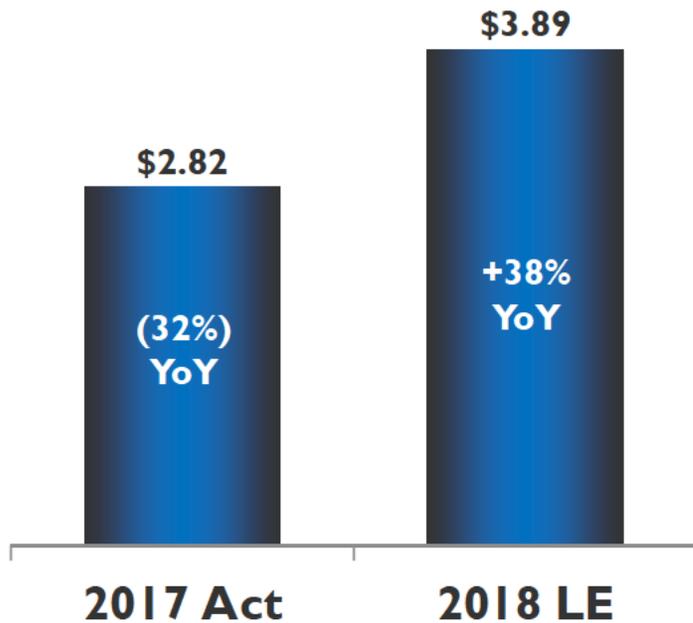
\$  $\Delta$   
 (\$23)



# 2018 Q3 LE vs 2017 Q3 – Nu Mark Operating Costs

\$ per Cartridge

## Operating Cost Per Cartridge



( ) denotes decrease

**Per Cartridge Variance = \$1.07**

<b>Variable</b>	<b>\$0.17</b>	<b>Primarily due to higher COGS on Elite and increased freight costs driven by out of stocks, partially offset by favorable CMO pricing on cigalikes</b>
<b>Fixed</b>	<b>\$0.78</b>	<b>Primarily driven by the write-off of ROC assets, partially offset by increased volume in 2018</b>
<b>SG&amp;A</b>	<b>\$0.12</b>	<b>R&amp;D/RA direct charges, partially offset by increased volume in 2018</b>
<b>Total</b>	<b>\$1.07</b>	

# Tobacco Operating Companies Q3 YTD 2018 LE - DWG

*October 3, 2018*

# 2018 Q3 YTD LE Operating Companies OCI

\$ in Millions

	<u>LE</u>	<u>OB</u>	<u>PY</u>	<u>LE vs OB</u>	<u>LE vs PY</u>
<b>Smokeable</b> <i>Change vs PY</i>	\$6,467 (1.6%)	\$6,324 (3.7%)	\$6,569 7.2%	\$143	(\$102)
<b>Smokeless</b> <i>Change vs PY</i>	\$1,095 6.1%	\$1,082 9.0%	\$993 10.3%	\$13	\$102
<b>Nu Mark</b>	<u>(\$102)</u>	<u>(\$89)</u>	<u>(\$50)</u>	<u>(\$13)</u>	<u>(\$52)</u>
<b>Total</b>	\$7,460 (0.7%)	\$7,317 (2.6%)	\$7,512 7.6%	\$143	(\$52)

# Smokeable 3<sup>rd</sup> Quarter YTD 2018 LE – DWG

*October 3, 2018*















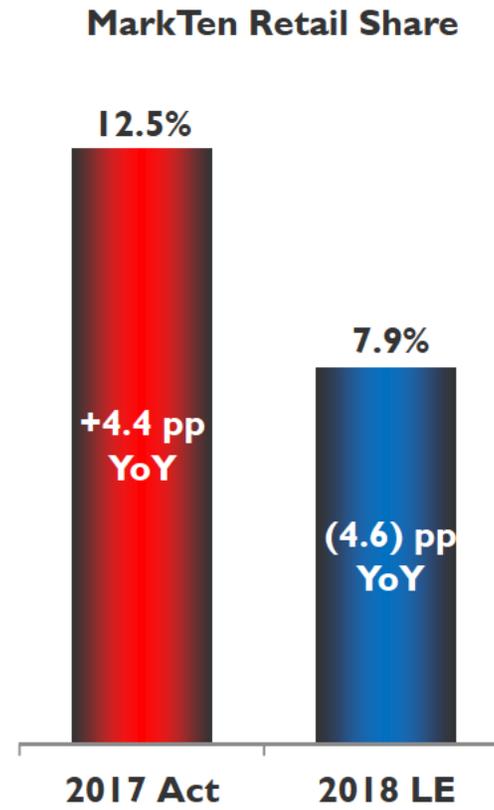
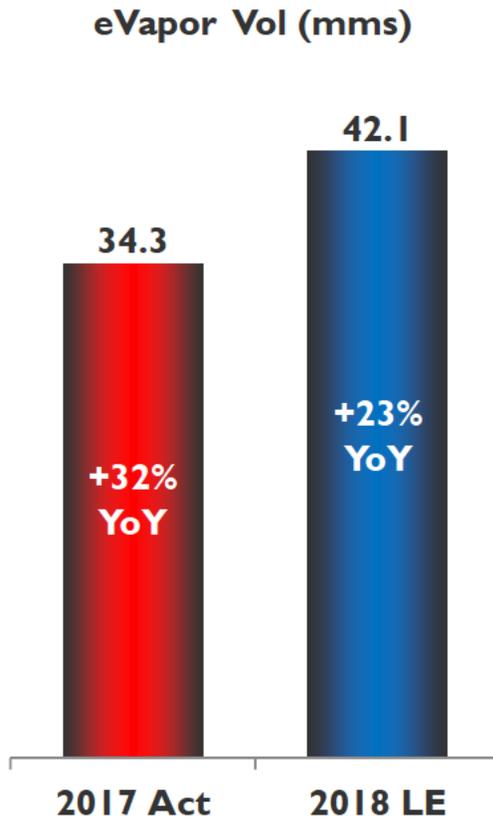




# Nu Mark 3rd Quarter YTD 2018 LE – DWG

*October 3, 2018*

# Nu Mark Q3 YTD Gross Vol & Share – 2018 LE

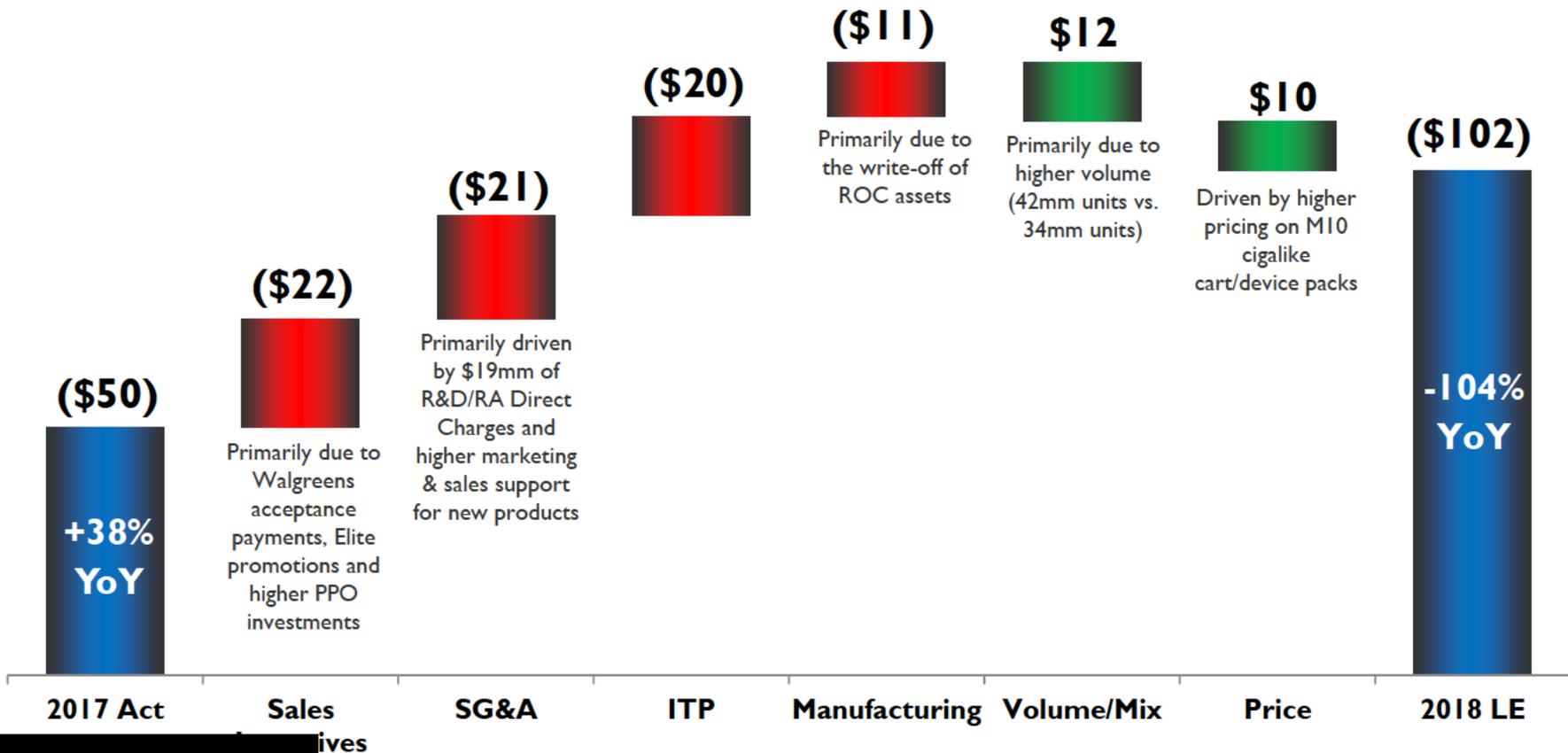


Source: CMI

# 2018 Q3 YTD LE vs 2017 Q3 YTD – Nu Mark OCI Bridge

\$ in Millions

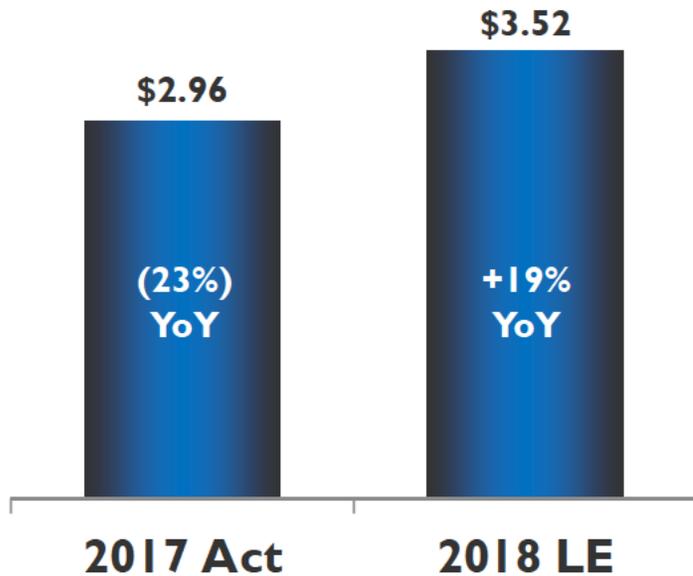
\$  $\Delta$   
 (\$52)



# 2018 Q3 YTD LE vs 2017 Q3 YTD – Nu Mark Operating Costs

\$ per Cartridge

## Operating Cost Per Cartridge



( ) denotes decrease

**Per Cartridge Variance = \$0.56**

Variable	\$0.06	Primarily due to higher COGS on Elite, partially offset by favorable CMO pricing on cigalikes
Fixed	\$0.22	Primarily driven by the write-off of ROC assets, partially offset by increased volume in 2018
SG&A	\$0.28	R&D/RA direct charges, partially offset by increased volume in 2018
<b>Total</b>	<b>\$0.56</b>	

# Tobacco Operating Companies Q3 and Q3 YTD 2018 LE - DWG

*October 3, 2018*



**Altria**  
Altria Client Services

# 2018 Q3 LE Operating Companies OCI

\$ in Millions

	<u>LE</u>	<u>OB</u>	<u>PY</u>	<u>LE vs OB</u>	<u>LE vs PY</u>
<b>Smokeable</b> <i>Change vs PY</i>	\$2,286 -%	\$2,290 0.2%	\$2,286 7.6%	(\$4)	\$--
<b>Smokeless</b> <i>Change vs PY</i>	\$374 4.5%	\$376 5.0%	\$358 14.4%	(\$2)	\$16
<b>Nu Mark</b>	<u>(\$35)</u>	<u>(\$34)</u>	<u>(\$12)</u>	<u>(\$1)</u>	<u>(\$23)</u>
<b>Total</b>	\$2,625 (0.3%)	\$2,632 -%	\$2,632 9.5%	(\$7)	(\$7)

( ) Denotes Unfavorable



# Smokeable 3<sup>rd</sup> Quarter 2018 LE – DWG

*October 3, 2018*



**Altria**  
Altria Client Services



















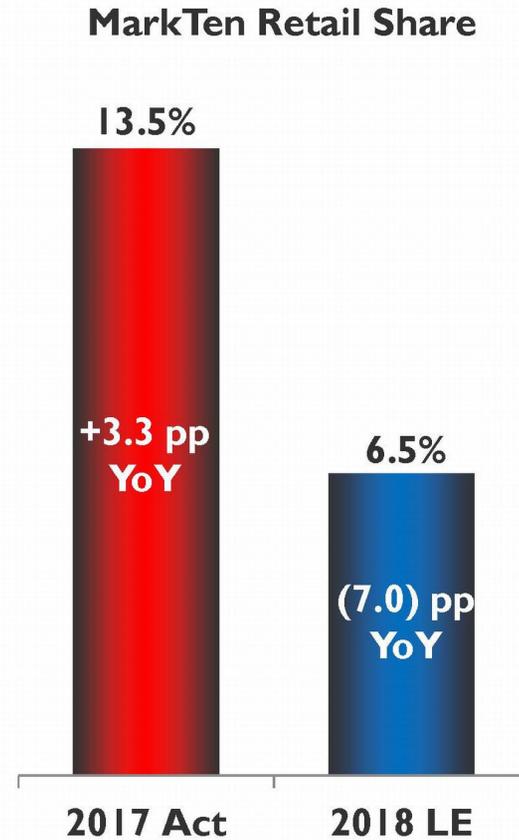
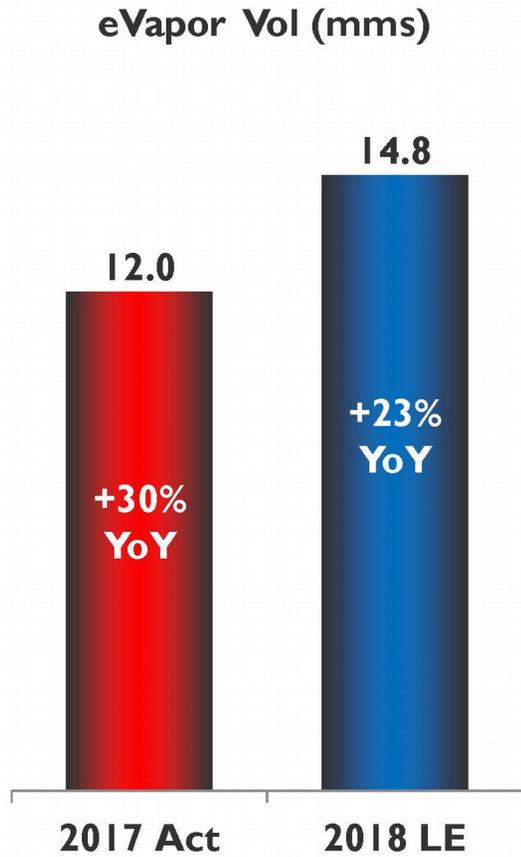
# Nu Mark 3rd Quarter 2018 LE – DWG

*October 3, 2018*



**Altria**  
Altria Client Services

# Nu Mark Q3 Gross Volume & Share – 2018 LE



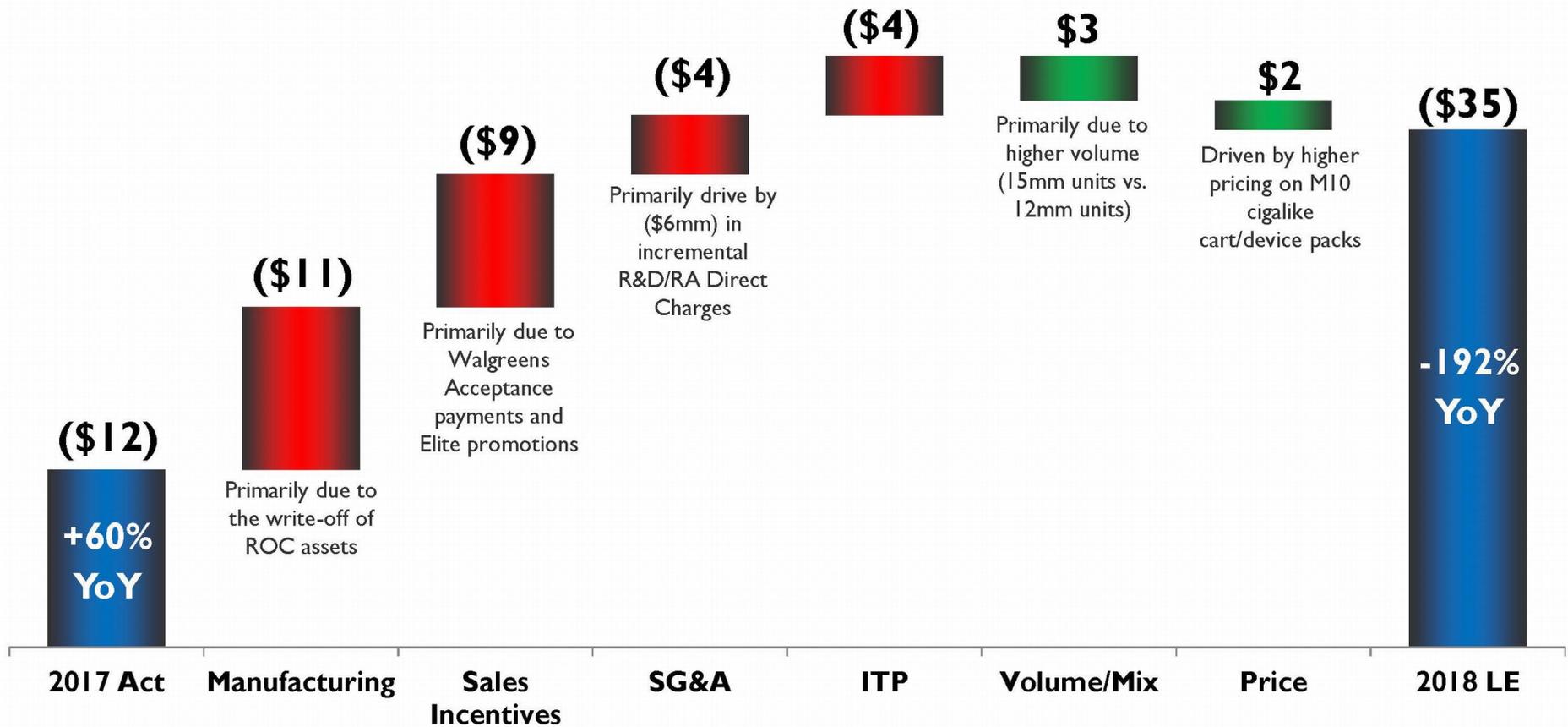
Source: CMI



# 2018 Q3 LE vs 2017 Q3 - Nu Mark OCI Bridge

\$ in Millions

\$  $\Delta$   
 (\$23)



# 2018 Q3 LE vs 2017 Q3 – Nu Mark Operating Costs

\$ per Cartridge

## Operating Cost Per Cartridge



( ) denotes decrease



**Per Cartridge Variance = \$1.07**

<b>Variable</b>	<b>\$0.17</b>	Primarily due to higher COGS on Elite and increased freight costs driven by out of stocks, partially offset by favorable CMO pricing on cigalikes
<b>Fixed</b>	<b>\$0.78</b>	Primarily driven by the write-off of ROC assets, partially offset by increased volume in 2018
<b>SG&amp;A</b>	<b>\$0.12</b>	R&D/RA direct charges, partially offset by increased volume in 2018
<b>Total</b>	<b>\$1.07</b>	

# Tobacco Operating Companies Q3 YTD 2018 LE – DWG

*October 3, 2018*



**Altria**  
Altria Client Services

# 2018 Q3 YTD LE Operating Companies OCI

\$ in Millions

	<u>LE</u>	<u>OB</u>	<u>PY</u>	<u>LE vs OB</u>	<u>LE vs PY</u>
<b>Smokeable</b> <i>Change vs PY</i>	\$6,467 (1.6%)	\$6,324 (3.7%)	\$6,569 7.2%	\$143	(\$102)
<b>Smokeless</b> <i>Change vs PY</i>	\$1,095 6.1%	\$1,082 9.0%	\$993 10.3%	\$13	\$102
<b>Nu Mark</b>	<u>(\$102)</u>	<u>(\$89)</u>	<u>(\$50)</u>	<u>(\$13)</u>	<u>(\$52)</u>
<b>Total</b>	\$7,460 (0.7%)	\$7,317 (2.6%)	\$7,512 7.6%	\$143	(\$52)



# Smokeable 3<sup>rd</sup> Quarter YTD 2018 LE – DWG

*October 3, 2018*



**Altria**  
Altria Client Services



















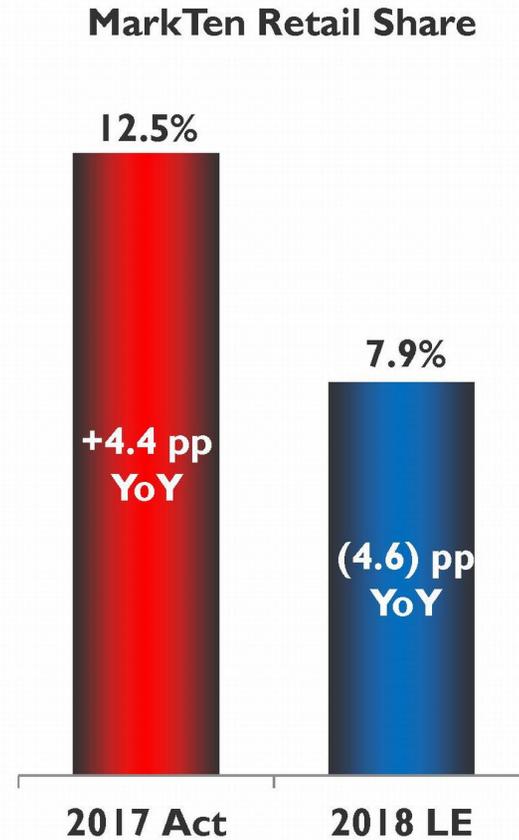
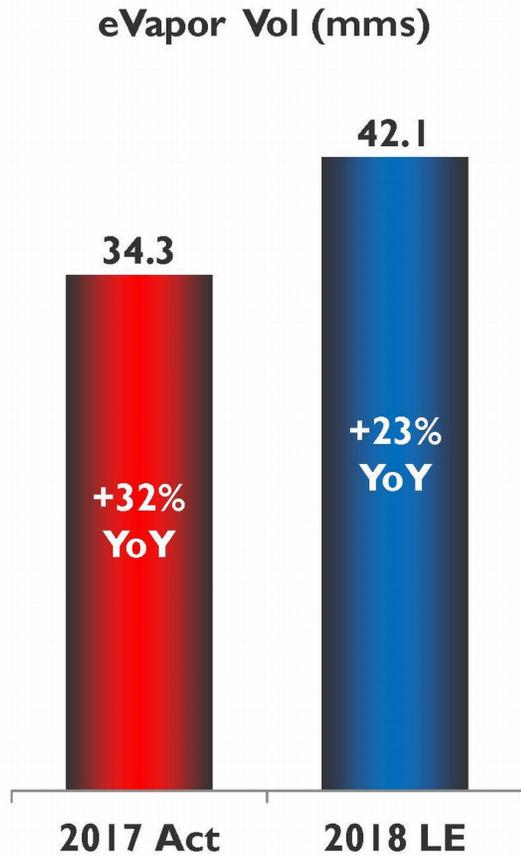
# Nu Mark 3rd Quarter YTD 2018 LE – DWG

*October 3, 2018*



**Altria**  
Altria Client Services

# Nu Mark Q3 YTD Gross Vol & Share – 2018 LE



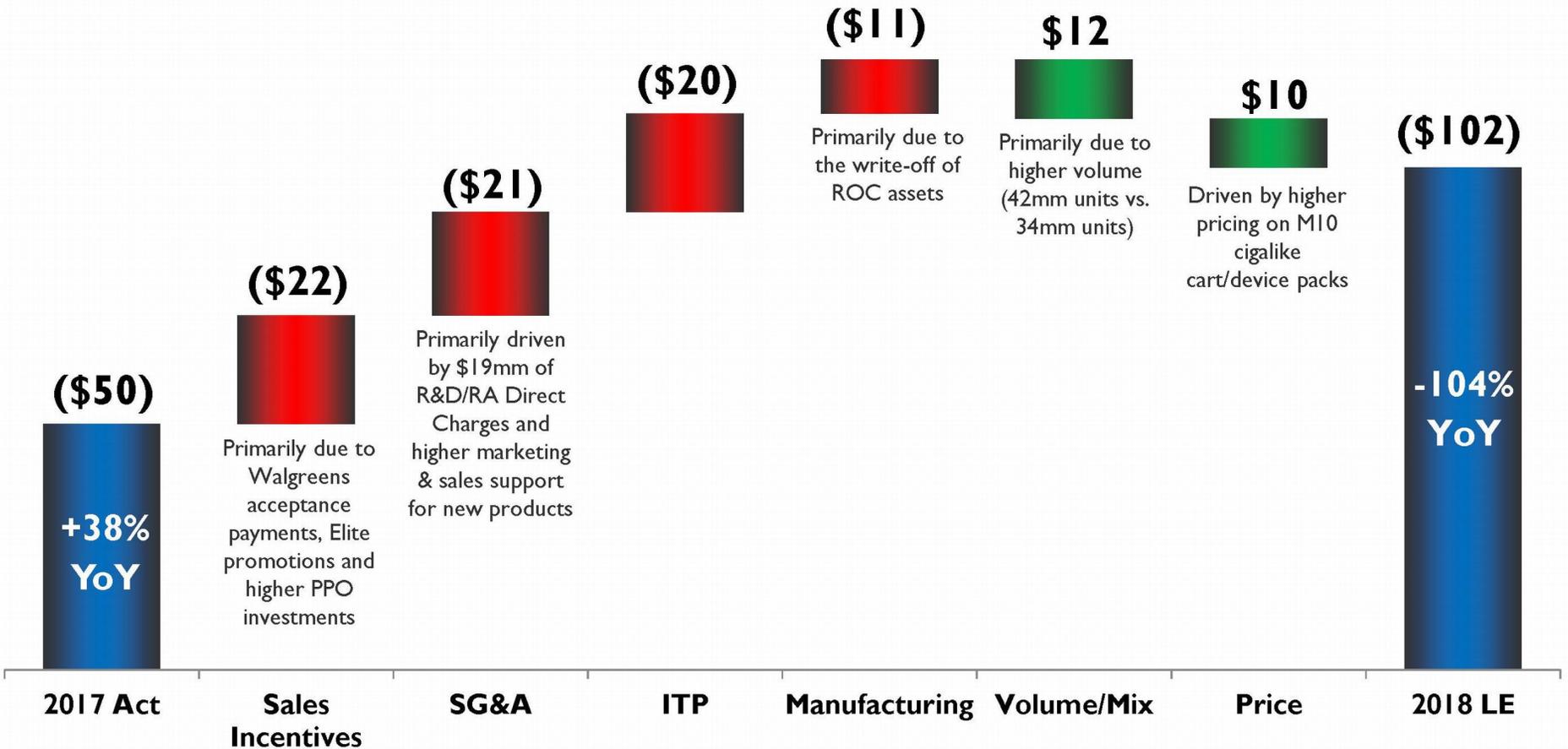
Source: CMI



# 2018 Q3 YTD LE vs 2017 Q3 YTD – Nu Mark OCI Bridge

\$ in Millions

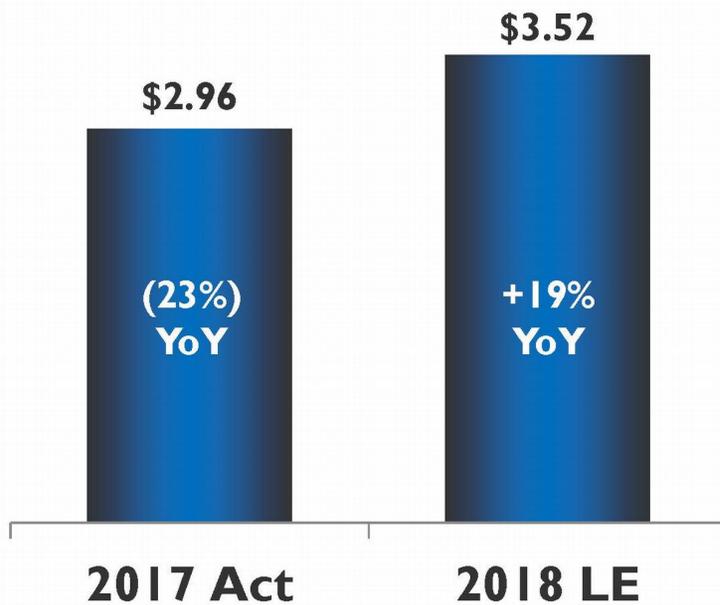
$\frac{\$ \triangle}{(\$52)}$



# 2018 Q3 YTD LE vs 2017 Q3 YTD – Nu Mark Operating Costs

\$ per Cartridge

## Operating Cost Per Cartridge



( ) denotes decrease



**Per Cartridge Variance = \$0.56**

<b>Variable</b>	<b>\$0.06</b>	<b>Primarily due to higher COGS on Elite, partially offset by favorable CMO pricing on cigalikes</b>
<b>Fixed</b>	<b>\$0.22</b>	<b>Primarily driven by the write-off of ROC assets, partially offset by increased volume in 2018</b>
<b>SG&amp;A</b>	<b>\$0.28</b>	<b>R&amp;D/RA direct charges, partially offset by increased volume in 2018</b>
<b>Total</b>	<b>\$0.56</b>	

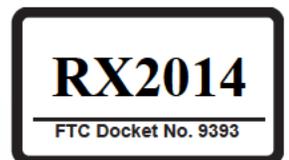
# **RX2014**

**From:** Heath, Chequetta N. (ALCS)  
**Sent:** Tuesday, November 06, 2018 3:22 PM  
**To:** Gifford, William F. Jr (ALG); Mancuso, Salvatore "Sal" (ALG)  
**Cc:** Simmons, Neil A. (ALCS); Tucker, James W. "Jim" (ALCS)  
**Subject:** LTM Financial Update - Presented 11/6/18  
**Attachments:** Financial Package 11 06 18 LTM - dist 11 06 18.pdf

Highly Confidential #Secure  
Billy & Sal,

Attached is Jim's presentation from today's meeting.

Thanks,  
Chequetta N. Heath  
Corporate Planning & Analysis  
[Chequetta.N.Heath@altria.com](mailto:Chequetta.N.Heath@altria.com)<<mailto:Chequetta.N.Heath@altria.com>>  
(804) 484-8853



# Q3 and Full Year 2018 Financial Update

*November 6, 2018*



**Altria**

Altria Client Services

Prepared by Altria Client Services, Managing Director CP&A, November 6, 2018, Highly Confidential 1

**CONFIDENTIAL**

**ALGFTC0001099607**

**RX2014-002**



# Altria Group, Inc.

## 2018 Q3 YTD OCI & Underlying Earnings

(\$ in Millions, except EPS)	LE	Variance vs.		% Δ vs. PY
		2018 OB Adj <sup>1</sup>	2017	
Smokeable	\$ 6,462	\$ 138	\$ (107)	(1.6%)
Smokeless	1,104	22	111	11.2%
Wine	73	(9)	(9)	(11.0%)
PMCC	25	4	7	38.9%
Nu Mark / AVI	(103)	(14)	(54)	(+100.0%)
IQOS	(29)	26	(29)	(+100.0%)
Verve	(14)	5	(14)	(+100.0%)
Operating Companies Income	\$ 7,518	\$ 172	\$ (95)	(1.2%)
Corporate Expense	(152)	20	2	1.3%
Net Periodic Benefit Income, excl. Service Cost	37	21	-	--
Financing Costs	(488)	47	26	5.1%
Amortization	(30)	(12)	(15)	(100.0)%
AB InBev	605	43	164	37.2%
Net Earnings Before Taxes	\$ 7,490	\$ 291	\$ 82	1.1%
Income Taxes	(1,733)	(64)	894	34.0%
Minority Interest	(3)	-	-	
Net Earnings	\$ 5,754	\$ 227	\$ 976	20.4%
Adjusted EPS	\$ 3.04	\$ 0.13	\$ 0.56	22.6%



**Altria**  
Altria Client Services

<sup>1</sup> - OB Adj reflects the Pension and Benefit accounting change, the one-time company bonus allocated to the Operating Companies, and the R&D allocation restatement

( ) denotes expense and unfavorable variance

Prepared by Altria Client Services, Managing Director CP&A, November 6, 2018, Highly Confidential 3

CONFIDENTIAL

ALGFTC0001099609

RX2014-004























**CERTIFICATE OF SERVICE**

I hereby certify that on June 1, 2021, I filed the foregoing document electronically using the FTC's E-Filing System, which will send notification of such filing to:

Office of the Secretary  
Federal Trade Commission  
400 Seventh Street, S.W., Suite 5610  
Washington, DC 20024  
ElectronicFilings@ftc.gov

The Honorable D. Michael Chappell  
Administrative Law Judge  
Federal Trade Commission  
600 Pennsylvania Ave., NW, Rm. H-110  
Washington, DC 20580

I also certify that I caused the foregoing document to be served via email upon the following:

James Abell (jabell@ftc.gov)  
Dominic Vote (dvote@ftc.gov)  
Peggy Bayer Femenella (pbayer@ftc.gov)  
Erik Herron (eherron@ftc.gov)  
Joonsuk Lee (jlee4@ftc.gov)  
Meredith Levert (mlevert@ftc.gov)  
Kristian Rogers (krogers@ftc.gov)  
David Morris (dmorris1@ftc.gov)  
Michael Blevins (mblevins@ftc.gov)  
Michael Lovinger (mlovinger@ftc.gov)  
Frances Anne Johnson (fjohnson@ftc.gov)  
Simone Oberschmied  
(soberschmied@ftc.gov)  
Julia Draper (jdraper@ftc.gov)  
Jennifer Milici (jmilici@ftc.gov)  
Stephen Rodger (srodger@ftc.gov)  
Nicole Lindquist (nlindquist@ftc.gov)  
Jeanine Balbach (jbalbach@ftc.gov)

Federal Trade Commission  
Bureau of Competition  
600 Pennsylvania Ave., NW  
Washington, DC 20580  
Telephone: (202) 326-2289

*Complaint Counsel*

Michael L. Sibarium  
David C. Grossman  
Pillsbury Winthrop Shaw Pittman LLP  
1200 Seventeenth Street, NW  
Washington, DC 20036  
Tel: 202-663-8000  
michael.sibarium@pillsburylaw.com  
david.grossman@pillsburylaw.com

David Gelfand  
Jeremy J. Calsyn  
Jessica Hollis  
Matthew Bachrack  
Linden Bernhardt  
Cleary Gottlieb Steen & Hamilton LLP  
2112 Pennsylvania Avenue, NW  
Washington, DC 20037  
Tel: 202-974-1500  
dgelfand@cgsh.com  
jcalsyn@cgsh.com  
jhollis@cgsh.com  
mbachrack@cgsh.com  
lbernhardt@cgsh.com

*Counsel for Respondent JUUL Labs, Inc.*

Dated: June 1, 2021

s/ Beth Wilkinson

Beth Wilkinson  
Wilkinson Stekloff LLP  
2001 M Street NW, 10th Floor  
Washington, DC 20036  
Telephone: (202) 847-4000  
*Counsel for Altria Group, Inc.*

**CERTIFICATE OF ELECTRONIC FILING**

I certify that the electronic copy sent to the Secretary of the Commission is a true and correct copy of the paper original and that I possess a paper original of the signed document that is available for review by the parties and the adjudicator.

Dated: May 7, 2021

s/ Beth Wilkinson

Beth Wilkinson  
Wilkinson Stekloff LLP  
2001 M Street NW, 10th Floor  
Washington, DC 20036  
Telephone: (202) 847-4000  
*Counsel for Altria Group, Inc.*