

Exhibit 1

Public Redacted Version

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION**

PHILIP MORRIS PRODUCTS S.A.,

Plaintiff,

v.

R.J. REYNOLDS VAPOR COMPANY,

Defendant.

Case No. 1:20-cv-00393-LMB-TCB

DECLARATION OF CHRISTY CANARY-GARNER

I, Christy Canary-Garner, declare:

1. I am the Vice President of Consumer Marketing for Defendant R.J. Reynolds Vapor Company's ("RJR") VUSE Vapor Brand. In that role, I am responsible for the commercial business management of the VUSE brand, including portfolio design; promotion strategy; volume and share; and financial P&L delivery.

2. I make this declaration in support of RJR's Opposition to Philip Morris Product S.A.'s ("PMP's") Motion for a Permanent Injunction or, Alternatively, an Ongoing Royalty.

3. RJR is a North Carolina corporation, headquartered in Winston-Salem, North Carolina.

4. RJR does not make, market, or sell combustible cigarettes. Instead, RJR's business is directed exclusively to the development and introduction of reduced risk tobacco products that present an alternative for adult smokers of combustible cigarettes.

5. RJRV's product line currently consists of four e-cigarette products, which are marketed under the trade name VUSE. The VUSE products are the cornerstone of RJRV's future and a key embodiment of Reynolds's commitment to its guiding principles regarding tobacco harm reduction. (<https://www.reynoldsamerican.com/about-us/guiding-principles>.)

6. The VUSE lineup includes Alto, Solo, Ciro, and Vibe, shown in the below pictures:



(<https://vusevapor.com/blog/find-your-favorites-complete-comparison-of-vuse-vapes>)

7. Solo (Generation 1) was RJRV's first e-cigarette product in the United States. It was launched in 2013, a time when e-cigarettes were relatively new in this country. At that time, it was our belief that the best way to encourage smokers to try this this new reduced risk technology was to design the product to have a physical form that resembled a combustible cigarette, and was thus familiar to the customers in terms of physical feel. Consistent with this design goal, the Solo product is long and cylindrical, and mimics the dimensions and shape of a cigarette.

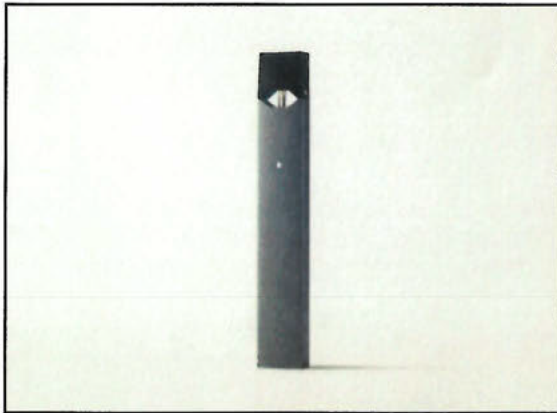
8. Solo was successful in the early years after its launch, and RJRV followed with the launch of the Solo (Generation 2) product in 2015, and the Ciro and Vibe products in 2016. Like the Solo devices, those products also offered a form that approximates a combustible cigarette in

shape and physical feel.

9. These products were initially popular with U.S. consumers, and RJRV became the market leader for e-cigarettes by 2016, with a market share of approximately 37.0%. The Solo devices were our best-selling products at that time.

10. Over the years, as adult smokers became more comfortable with vaping as an alternative to smoking combustible cigarettes – which was RJRV’s goal – we noticed that their preferences were shifting. More e-cigarette users no longer wanted their products to resemble combustible cigarettes. To the contrary, as they moved away from smoking to RJRV’s reduced risk products, customers affirmatively did not want to be reminded of, or perceived by others to be using, cigarettes.

11. This shift in consumer preference gave rise to a new category of e-cigarette devices, referred to as “pod-mod,” that have a completely different look, style, and feel from the cylindrical, cigarette-shape and design used in Solo, Ciro, and Vibe. One such device is the JUUL, shown below with the associated JUUL pods:



<https://www.juul.com/shop>

12. The pod-mod design and style resonated with U.S. consumers who wanted to distance themselves from combustible cigarettes. JUUL launched in 2015, and by 2017, it held 23.8% of the e-cigarette market, while RJRV's market share had dropped to 31.0%. Just one year later, JUUL overtook RJRV as the e-cigarette market leader, with a market share of 68.0%, while RJRV's market share decreased to just 12.5%.

13. Partly to respond to that market shift in consumer preferences, RJRV acquired the Alto product, which it began selling in August 2018. Alto does not mimic the experience and form factor of a cigarette. To the contrary, Alto has a different, non-cylindrical form factor and a different mouthpiece than Solo, Vibe, and Ciro, and Alto uses a "pod-based" system that is different from the "cartridge-based" system of Solo and Ciro and the "closed-tank" system of Vibe:

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