

Category Outlook

E-Cigarettes

E-Cigarette Market Catches Fire

This year the e-cigarette industry has seen a lot of activity—both good and bad. Most notable is the Food and Drug Administration's (FDA) decision to regulate the category as tobacco products instead of medical devices as they originally intended. Over the past few years, several industry stakeholders have challenged the agency over its regulatory power and the way that it looked to regulate the industry. The federal court system ruled in favor of the stakeholders and urged the agency to consider regulation under the Family Smoking Prevention Act of 2009 (Tobacco Control Act).

The act would give the agency the regulatory power to impose general controls such as registration, product listing, ingredient listings and product labeling as well as several good manufacturing practice requirements.

Since that decision, the industry has seen a huge influx of new brands, all of which are claiming to be the latest and greatest available. However, many of them will not be around long term. Reports suggest revenues could reach an astonishing \$250 million in 2011—up 150% from 2010 figures.

It is safe to say that as more and more consumers become aware of this new way of smoking, revenues will continue to grow at an impressive rate. As the FDA works to get legislation in place, we expect to see more and more brands popping up, looking to capture their slice of a potential multibillion-dollar category.

What PureSmoke has done to



distinguish itself from its competitors has been to focus on creating real solutions that present the greatest value to our trade partners.

Our manufacturing practices and product labeling insures that the company will be in compliance with any new regulation that may be imposed. Our attractive merchandising solutions and in-store marketing programs generate

more impulse purchases. We offer lucrative

rebate and slotting agreements as well as customer incentive programs that guarantee product sell-through and overall category profitability.

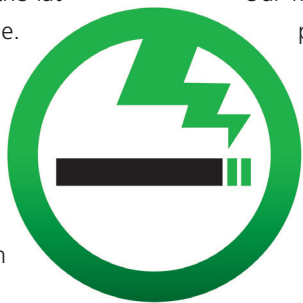
PureSmoke products can be found in thousands of independent and chain stores across the United States. Chains include Xtra Mart, Giants, Snappy

Marts, Admiral Tobacco, select 7-11 stores, select Circle K stores and TRO, to name a few.

Looking ahead, PureSmoke is committed to becoming the category leader through its innovation and customer satisfaction. If for any reason you are not happy with your current e-cigarette program, or if you would like to get more information on the PureSmoke brand of products, give us a call today at (877) 880-PURE or visit us online at www.PureSmokePartners.com.

Products include:

- ▶ Starter packs, disposables, refill cartridges
- ▶ Flavors: Classic Tobacco, Cool Mint



PureSmoke