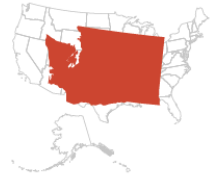


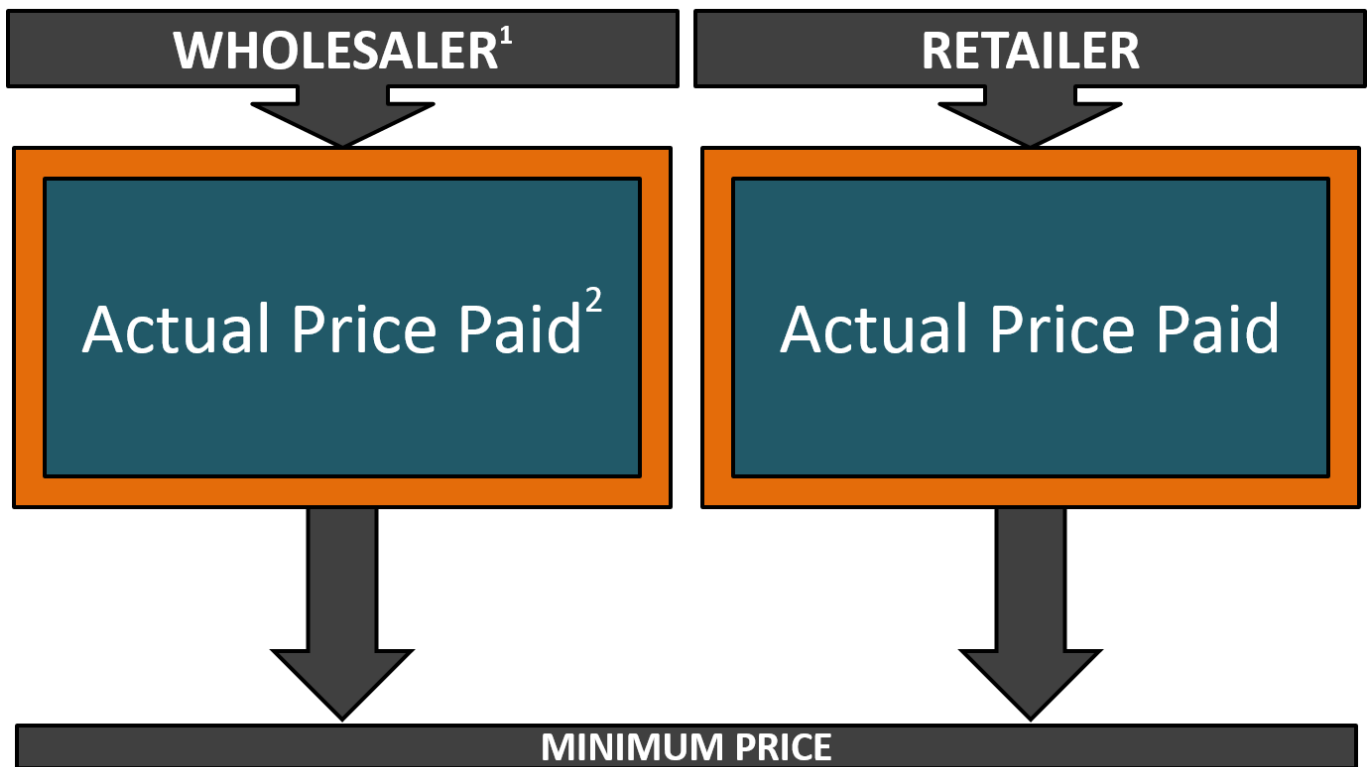
Washington



Minimum Markup Minimum Pricing

✓ Yes Blank No -- Not Applicable/Addressed

Cigarette Pricing – 2015



Note: This state does not set a minimum price for OTP.

Formulating Price

State Pricing Regulation Strength: Factors that Decrease versus Increase Statutory Price*

Pricing Formula Elements That **DECREASE PRICE**  Number of factors decreasing price: **Below Average**

Pricing Formula Elements That **INCREASE PRICE**  Number of factors increasing price: **Below Average**

Total Decrease Factors (State):	2
Average Decrease Factors (National):	3.2
Below-Cost Combination Sales Explicitly Permitted	
Below-Cost Coupons Permitted	✓
Consumers Can Receive Below-Cost Coupons	✓
Trade Discounts Explicitly Permitted	
Trade Discounts Include Discount Programs	
Competitor Price-Matching Permitted	

Total Increase Factors (State):	1
Average Increase Factors (National):	3.3
≥ 2 Parties Regulated	✓
Markup Applied	
Taxes	
Cartage	
Other Costs	

**Note: See "How to Read" for an explanation of terms and factors, and "Methods" for detailed methodology.*

Markup Rates Across Standard Distribution Chain

	Stamping Agent	Wholesaler/Distributor	Retailer/Dealer	Total Standard Markup	State vs Nat'l Total Markups
Washington	--	--	--	--	--
Nat'l Average Markup of States Where Distribution Level Regulated	1.15% (N=3)	3.67% (N=26)	8.02% (N=24)	12.84%	--
Nat'l Average Markup of All Markup States (N=27)	0.13%	3.53%	7.13%	10.79%	--

Combination Sales

Types of Combination Sales Permitted

Buy-One-Get-One or Multi-Pack	--
Tobacco Product + Coupon	--
Tobacco Product + Non-Tobacco Product	--

Coupons

Who May Distribute Coupons to Consumers?

Manufacturer		Retailer/Dealer	
Wholesaler/Distributor		Distributing Party Not Addressed	✓

Footnotes

Washington- Cigarette

1. Washington's minimum pricing law applies to any "person licensed to sell cigarettes under [its cigarette tax chapter]." Rev. Code Wash. § 19.91.300. As such, we've applied the minimum pricing laws to both wholesalers and retailers, as licensed parties under the cigarette tax chapter. Rev. Code Wash. § 82.24.010 et seq.
2. "Actual price paid" refers to whatever price the purchasing party (wholesaler or retailer) actually paid at the time that he purchased the cigarettes from the seller (manufacturer, wholesaler, or retailer). The invoice serves as evidence of actual price paid. No exceptions are made in cases of liquidation, clearance, etc.