Idaho

Minimum Markup [ ] Minimum Pricing [✓] Yes [✓] Blank No [ ― Not Applicable/Addressed

Cigarette Pricing¹ – 2015

OTP Pricing – 2015

State OTP pricing scheme matches Cigarette Pricing? Yes [✓] No [ ]

Types of OTP Regulated

<table>
<thead>
<tr>
<th>Tobacco Products</th>
<th>✓</th>
<th>Moist Snuff</th>
<th>✓</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigars</td>
<td>✓</td>
<td>Dry Snuff</td>
<td>✓</td>
</tr>
<tr>
<td>Little Cigars</td>
<td>✓</td>
<td>Snus/Smokeless</td>
<td>✓</td>
</tr>
<tr>
<td>Pipe Tobacco</td>
<td>✓</td>
<td>Bidis</td>
<td></td>
</tr>
<tr>
<td>Chewing Tobacco</td>
<td></td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

Total Products 6

Selected State Tobacco Minimum Pricing Laws as of January 1, 2015

Idaho

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

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

Pricing Formula Elements That INCREASE PRICE

Number of factors increasing price: Below Average

Total Increase Factors (State): 0
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

<table>
<thead>
<tr>
<th></th>
<th>Stamping Agent</th>
<th>Wholesaler/Distributor</th>
<th>Retailer/Dealer</th>
<th>Total Standard Markup</th>
<th>State vs Nat’l Total Markups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idaho</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>
| Nat’l Average Markup of States Where Distribution Level Regulated
  (N=3)                | 1.15%          | 3.668%                 | 8.021%          | 12.839%               | --                            |
| Nat’l Average Markup of All Markup States (N=27) | 0.128% | 3.532% | 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?

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Retailer/Dealer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesaler/Distributor</td>
<td>Distributing Party Not Addressed</td>
</tr>
</tbody>
</table>
Footnotes

Idaho- Cigarette

1. Idaho’s minimum pricing laws exist within its sampling and access laws, where they prohibit the distribution of free or “below cost” tobacco products (defined to include cigarettes). I.C. §§ 39-5702. These laws directly address the distribution of cigarettes and tobacco products, but do not apply a presumptive “cost of doing business” or similar markup to the base “cost.” I.C. §§ 39-5702.

2. The laws only regulate sales at the retailer level, and do not regulate wholesale prices. I.C. § 63-2551. This was verified through a phone conversation with Terry Pappin of the Idaho Dept. of Health and Welfare’s Idaho Tobacco Project on January 17, 2014.

3. Idaho does not define “cost,” nor have state courts or officials formally addressed this issue.

Idaho- OTP

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2. Idaho applies its minimum pricing laws to “tobacco products,” which are defined to include cigars, pipes, snuff, smoking tobacco, tobacco papers, or smokeless tobacco. I.C. §§ 39-5702.

3. Idaho only regulates sales at the retailer level, and does not regulate wholesale prices. I.C. § 63-2551. This was verified through a phone conversation with Terry Pappin of the Idaho Dept. of Health and Welfare’s Idaho Tobacco Project on January 17, 2014.

4. Idaho does not define “cost,” nor have state courts or officials formally addressed this issue.