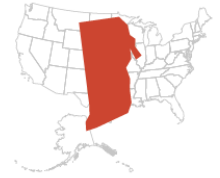


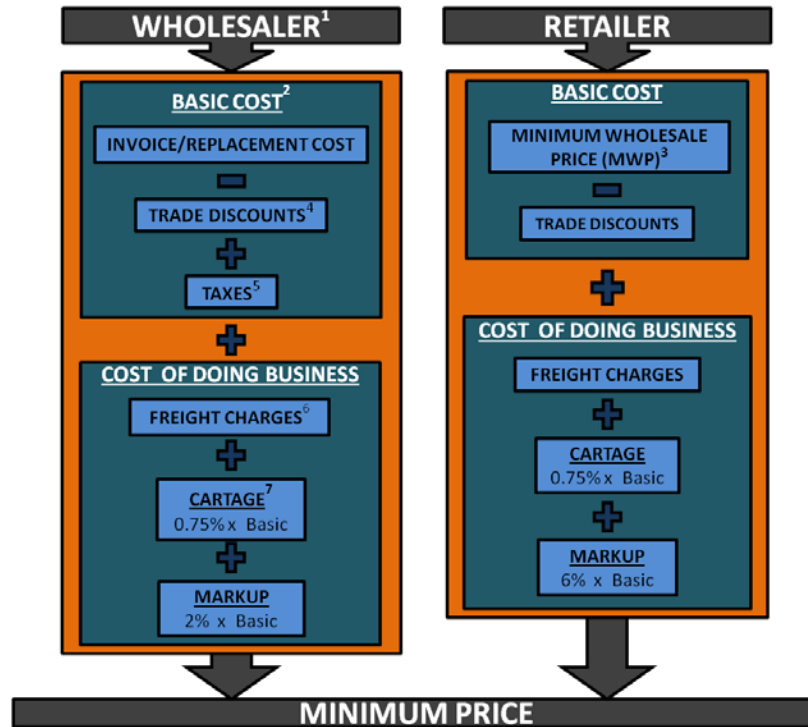
Providence, Rhode Island



Minimum Markup Minimum Pricing

Yes Blank No -- Not Applicable/Addressed

Cigarette Pricing – 2015



OTP Pricing – 2015

Local OTP pricing scheme matches Cigarette Pricing? Yes No

Types of OTP Regulated

Tobacco Products		Moist Snuff	✓
Cigars	✓	Dry Snuff	✓
Little Cigars	✓	Snus/Smokeless	✓
Pipe Tobacco	✓	Bidis	
Chewing Tobacco	✓	Other*	✓
Total Products			6

*Other includes, but is not limited to, dissolvables and electronic cigarette cartridges.

Formulating Price

Locality 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:
Above Average

Total Decrease Factors (Locality):	1
Average Decrease Factors (National):	3.2
Below-Cost Combination Sales Explicitly Permitted	
Below-Cost Coupons Permitted	
Consumers Can Redeem Below-Cost Coupons	
Trade Discounts Explicitly Permitted	✓
Trade Discounts Include Discount Programs	
Competitor Price-Matching Permitted	

Total Increase Factors (Locality):	5
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	Locality vs Nat'l Total Markups
Providence, RI		2%	6%	8%	--
Nat'l Average Markup of States Where Distribution Level Regulated	1.15% (N=3)	3.67% (N=26)	8.02% (N=24)	12.84%	↓ Below average
Nat'l Average Markup of All Markup States (N=27)	0.13%	3.53%	7.13%	10.79%	↑ Above Average

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

Providence, RI- Cigarettes

1. Where wholesalers sell to other wholesalers, the seller is not required to apply the minimum markup. However, any subsequent sale by the purchasing wholesaler to a retailer must abide by the state's minimum pricing laws. R.I. Code R. § 46-050-008. Wholesalers that make sales at the retail level is required to sell cigarettes at the retail minimum cost. CRIR 46-050-008.
2. Rhode Island uses the term "base cost," but for consistency, we've applied the term "basic cost." CRIR 46-050-008.
3. A retailer's basic cost is calculated using the "invoice cost, or the replacement cost, of the merchandise to the retailer." R.I. Code R. § 46-050-008. In practical terms, this is the minimum price the products can be purchased from the wholesaler ("minimum wholesale price" or "MWP").
4. Trade discounts do not include the customary discounts for cash payments. R.I. Code R. § 46-050-008.
5. The basic cost determination includes the inclusion of the cigarette excise tax imposed by Rhode Island's Cigarette Taxation laws, R.I. Gen. Laws § 44-20-1 et al.
6. Freight charges are added where not already included in the invoice cost. R.I. Code R. § 46-050-008.
7. Cartage is only added as part of the cost of doing business if it is performed or paid for by that party. R.I. Code R. § 46-050-008.