

| Notes        | (1)                     | (2)       | (3)            | (4)                       | (5)                       | (6)  | (7)                        | (7)                | (8)                 | (9)                      | (10)                | (11)               |      |                     |
|--------------|-------------------------|-----------|----------------|---------------------------|---------------------------|--|----------------------------|--------------------|---------------------|--------------------------|---------------------|--------------------|------|---------------------|
|              | Average<br>Retail Price | Additions | Margin<br>Calc | Average<br>Total<br>Price | Average<br>Profit/ Carton | Average<br>Wholesale<br>and Retail<br>Markup | Tobacco<br>(Farm<br>Value) | Corporate<br>Taxes | State Excise<br>Tax | Federal<br>Excise<br>Tax | Local<br>Excise Tax | State<br>Sales Tax | MSA  | Other<br>Components |
| <b>STATE</b> |                         |           |                | 37.37                     |                           | 8.03   |                            |                    | 4.50                | 3.90                     | 0.06                | 1.64               | 4.60 | 14.70               |
| AK           | 43.97                   | 0.39      | 5.109          | <b>49.079</b>             | 2.80                      | 12.36  | 0.8                        | 9.843              | <b>10.00</b>        | 3.90                     | 1.371               | 0.00               | 4.60 | 3.40                |
| AL           | 28.84                   | 0.4056    | 5.31336        | <b>34.15336</b>           | 2.80                      | 7.88   | 0.8                        | 7.563              | <b>1.65</b>         | 3.90                     | 0.323               | <b>1.24</b>        | 4.60 | 3.40                |
| AR           | 29.44                   | 0.40755   | 5.338905       | <b>34.77891</b>           | 2.80                      | 7.34   | 0.8                        | 7.290              | 3.15                | 3.90                     | -                   | 1.50               | 4.60 | 3.40                |
| AZ           | 34.58                   | 0.4095    | 5.36445        | <b>39.94445</b>           | 2.80                      | 8.74   | 0.8                        | 8.001              | 5.80                | 3.90                     | -                   | 1.90               | 4.60 | 3.40                |
| CA           | 36.55                   | 0.4173    | 5.46663        | <b>42.01663</b>           | 2.80                      | 7.63   | 0.8                        | 7.437              | 8.70                | 3.90                     | -                   | 2.75               | 4.60 | 3.40                |
| CO           | 29.33                   | 0.40131   | 5.257161       | <b>34.58716</b>           | 2.80                      | 8.32   | 0.8                        | 7.789              | 2.00                | 3.90                     | -                   | 0.97               | 4.60 | 3.40                |
| CT           | 31.92                   | 0.4134    | 5.41554        | <b>37.33554</b>           | 2.80                      | 7.40   | 0.8                        | 7.320              | 5.00                | 3.90                     | -                   | 2.11               | 4.60 | 3.40                |
| DC           | 35.54                   | 0.412425  | 5.4027675      | <b>40.94277</b>           | 2.80                      | 8.72   | 0.8                        | 7.992              | 6.50                | 3.90                     | -                   | 2.23               | 4.60 | 3.40                |
| DE           | 28.87                   | 0.39      | 5.109          | <b>33.979</b>             | 2.80                      | 8.30   | 0.8                        | 7.778              | 2.40                | 3.90                     | -                   | 0.00               | 4.60 | 3.40                |
| FL           | 30.23                   | 0.4134    | 5.41554        | <b>35.64554</b>           | 2.80                      | 7.41   | 0.8                        | 7.326              | 3.39                | 3.90                     | -                   | 2.02               | 4.60 | 3.40                |
| GA           | 28.78                   | 0.4017    | 5.26227        | <b>34.04227</b>           | 2.80                      | 8.50   | 0.8                        | 7.881              | 1.20                | 3.90                     | -                   | <b>0.96</b>        | 4.60 | 3.40                |
| HI           | 40.51                   | 0.4056    | 5.31336        | <b>45.82336</b>           | 2.80                      | 9.95   | 0.8                        | 8.614              | 10.00               | 3.90                     | -                   | 1.76               | 4.60 | 3.40                |
| IA           | 29.94                   | 0.4095    | 5.36445        | <b>35.30445</b>           | 2.80                      | 7.27   | 0.8                        | 7.253              | 3.60                | 3.90                     | -                   | 1.68               | 4.60 | 3.40                |
| ID           | 29.11                   | 0.4095    | 5.36445        | <b>34.47445</b>           | 2.80                      | 7.28   | 0.8                        | 7.257              | 2.80                | 3.90                     | -                   | 1.64               | 4.60 | 3.40                |
| IL           | 32.38                   | 0.414375  | 5.4283125      | <b>37.80831</b>           | 2.80                      | 6.59   | 0.8                        | 6.906              | 5.80                | 3.90                     | 0.793               | 2.22               | 4.60 | 3.40                |
| IN           | 27.04                   | 0.4095    | 5.36445        | <b>32.40445</b>           | 2.80                      | 6.80   | 0.8                        | 7.013              | 1.55                | 3.90                     | -                   | 1.54               | 4.60 | 3.40                |
| KS           | 29.41                   | 0.40911   | 5.359341       | <b>34.76934</b>           | 2.80                      | 7.75   | 0.8                        | 7.497              | 2.40                | 3.90                     | -                   | 1.62               | 4.60 | 3.40                |
| KY           | 25.86                   | 0.4134    | 5.41554        | <b>31.27554</b>           | 2.80                      | 6.73   | 0.8                        | 6.978              | 0.30                | 3.90                     | -                   | 1.77               | 4.60 | 3.40                |
| LA           | 29.51                   | 0.5304    | 6.94824        | <b>36.45824</b>           | 2.80                      | 8.49   | 0.8                        | 7.871              | 3.20                | 3.90                     | -                   | 1.40               | 4.60 | 3.40                |
| MA           | 38.43                   | 0.4095    | 5.36445        | <b>43.79445</b>           | 2.80                      | 9.98   | 0.8                        | 8.630              | 7.60                | 3.90                     | -                   | 2.09               | 4.60 | 3.40                |
| MD           | 34.49                   | 0.4095    | 5.36445        | <b>39.85445</b>           | 2.80                      | 8.15   | 0.8                        | 7.703              | 6.60                | 3.90                     | -                   | 1.90               | 4.60 | 3.40                |
| ME           | 35.32                   | 0.4095    | 5.36445        | <b>40.68445</b>           | 2.80                      | 8.15   | 0.8                        | 7.699              | 7.40                | 3.90                     | -                   | 1.94               | 4.60 | 3.40                |
| MI           | 34.55                   | 0.4134    | 5.41554        | <b>39.96554</b>           | 2.80                      | 7.39   | 0.8                        | 7.314              | 7.50                | 3.90                     | -                   | 2.26               | 4.60 | 3.40                |
| MN           | 31.88                   | 0.41535   | 5.441085       | <b>37.32109</b>           | 2.80                      | 7.42   | 0.8                        | 7.327              | 4.80                | 3.90                     | -                   | 2.28               | 4.60 | 3.40                |
| MO           | 28.22                   | 0.4064775 | 5.3248553      | <b>33.54486</b>           | 2.80                      | 7.41   | 0.8                        | 7.326              | 1.70                | 3.90                     | 0.330               | <b>1.28</b>        | 4.60 | 3.40                |
| MS           | 28                      | 0.4173    | 5.46663        | <b>33.46663</b>           | 2.80                      | 6.91   | 0.8                        | 7.069              | 1.80                | 3.90                     | -                   | 2.19               | 4.60 | 3.40                |
| MT           | 27.1                    | 0.39      | 5.109          | <b>32.209</b>             | 2.80                      | 7.53   | 0.8                        | 7.383              | 1.80                | 3.90                     | -                   | 0.00               | 4.60 | 3.40                |
| NC           | 27.67                   | 0.4056    | 5.31336        | <b>32.98336</b>           | 2.80                      | 8.06   | 0.8                        | 7.655              | 0.50                | 3.90                     | -                   | 1.27               | 4.60 | 3.40                |
| ND           | 30.69                   | 0.4134    | 5.41554        | <b>36.10554</b>           | 2.80                      | 7.03   | 0.8                        | 7.132              | 4.40                | 3.90                     | -                   | 2.04               | 4.60 | 3.40                |
| NE           | 30.95                   | 0.39      | 5.109          | <b>36.059</b>             | 2.80                      | 9.02   | 0.8                        | 8.142              | 3.40                | 3.90                     | -                   | 0.00               | 4.60 | 3.40                |
| NH           | 32.15                   | 0.39      | 5.109          | <b>37.259</b>             | 2.80                      | 8.62   | 0.8                        | 7.939              | 5.20                | 3.90                     | -                   | 0.00               | 4.60 | 3.40                |
| NJ           | 36.37                   | 0.4134    | 5.41554        | <b>41.78554</b>           | 2.80                      | 8.20   | 0.8                        | 7.724              | 8.00                | 3.90                     | -                   | 2.37               | 4.60 | 3.40                |
| NM           | 29.16                   | 0.4095    | 5.36445        | <b>34.52445</b>           | 2.80                      | 7.77   | 0.8                        | 7.509              | 2.10                | 3.90                     | -                   | 1.64               | 4.60 | 3.40                |
| NV           | 31.84                   | 0.41535   | 5.441085       | <b>37.28109</b>           | 2.80                      | 8.25   | 0.8                        | 7.753              | 3.50                | 3.90                     | -                   | 2.28               | 4.60 | 3.40                |
| NY           | 39.85                   | 0.8112    | 10.62672       | <b>50.47672</b>           | 2.80                      | 9.41   | 0.8                        | 8.339              | 15.00               | 3.90                     | 0.291               | 1.94               | 4.60 | 3.40                |
| OH           | 27.93                   | 0.4095    | 5.36445        | <b>33.29445</b>           | 2.80                      | 6.77   | 0.8                        | 6.997              | 2.40                | 3.90                     | 0.046               | 1.59               | 4.60 | 3.40                |
| OK           | 29.04                   | 0.40755   | 5.338905       | <b>34.37891</b>           | 2.80                      | 7.65   | 0.8                        | 7.447              | 2.30                | 3.90                     | -                   | 1.48               | 4.60 | 3.40                |

|    |       |          |           |                 |      |       |     |       |       |      |        |      |      |      |
|----|-------|----------|-----------|-----------------|------|-------|-----|-------|-------|------|--------|------|------|------|
| OR | 34.56 | 0.39     | 5.109     | <b>39.669</b>   | 2.80 | 9.16  | 0.8 | 8.212 | 6.80  | 3.90 | -      | 0.00 | 4.60 | 3.40 |
| PA | 29.19 | 0.4134   | 5.41554   | <b>34.60554</b> | 2.80 | 6.95  | 0.8 | 7.093 | 3.10  | 3.90 | -      | 1.96 | 4.60 | 3.40 |
| RI | 33.82 | 0.7276   | 9.53156   | <b>43.35156</b> | 2.80 | 7.60  | 0.8 | 7.419 | 10.00 | 3.90 | -      | 2.84 | 4.60 | 3.40 |
| SC | 27.83 | 0.4095   | 5.36445   | <b>33.19445</b> | 2.80 | 7.86  | 0.8 | 7.553 | 0.70  | 3.90 | -      | 1.58 | 4.60 | 3.40 |
| SD | 30.4  | 0.4056   | 5.31336   | <b>35.71336</b> | 2.80 | 7.94  | 0.8 | 7.596 | 3.30  | 3.90 | -      | 1.37 | 4.60 | 3.40 |
| TN | 28.15 | 0.422175 | 5.5304925 | <b>33.68049</b> | 2.80 | 7.13  | 0.8 | 7.183 | 1.30  | 3.90 | 0.0004 | 2.57 | 4.60 | 3.40 |
| TX | 31.12 | 0.414375 | 5.4283125 | <b>36.54831</b> | 2.80 | 7.45  | 0.8 | 7.346 | 4.10  | 3.90 | -      | 2.15 | 4.60 | 3.40 |
| UT | 33.12 | 0.408525 | 5.3516775 | <b>38.47168</b> | 2.80 | 8.30  | 0.8 | 7.777 | 5.15  | 3.90 | -      | 1.74 | 4.60 | 3.40 |
| VA | 27.54 | 0.40755  | 5.338905  | <b>32.87891</b> | 2.80 | 8.00  | 0.8 | 7.625 | 0.25  | 3.90 | 0.087  | 1.42 | 4.60 | 3.40 |
| VT | 32.32 | 0.4095   | 5.36445   | <b>37.68445</b> | 2.80 | 8.24  | 0.8 | 7.748 | 4.40  | 3.90 | -      | 1.79 | 4.60 | 3.40 |
| WA | 38.16 | 1.038375 | 13.602713 | <b>51.76271</b> | 2.80 | 10.14 | 0.8 | 8.713 | 14.25 | 3.90 | -      | 3.16 | 4.60 | 3.40 |
| WI | 33.04 | 0.5985   | 7.84035   | <b>40.88035</b> | 2.80 | 8.07  | 0.8 | 7.661 | 7.70  | 3.90 | -      | 1.95 | 4.60 | 3.40 |
| WV | 27.58 | 0.4134   | 5.41554   | <b>32.99554</b> | 2.80 | 6.88  | 0.8 | 7.053 | 1.70  | 3.90 | -      | 1.87 | 4.60 | 3.40 |
| WY | 29.12 | 0.4056   | 5.31336   | <b>34.43336</b> | 2.80 | 8.52  | 0.8 | 7.889 | 1.20  | 3.90 | -      | 1.32 | 4.60 | 3.40 |

|         |      |   |
|---------|------|---|
| Sources | (1)  | Tax Burden on Tobacco - Orzechowski and Walker  |
|         | (2)  | Price Increases Since June 2000   |
|         | (3)  | New York Times Magazine   |
|         | (4)  | Average Margin of 31 Percent of Retail, based on AEG reflected to account for transport differentials   |
|         | (5)  | New York Times Magazine   |
|         | (6)  | Based on 33.7 percent corporate tax rate. Source Tax Foundation   |
|         | (7)  | Statutory Rate  |
|         | (8)  | Based on Tax Burden on Tobacco  |
|         | (9)  | Based on State Sales Tax Rates - Local Sales Taxes are Not Included   |
|         | (10) | Based on Master Settlement Agreement and Settlements with States<br>Scheduled Payments for 2002 are equal to \$10.933 billion. A total of 21.413 billion taxable cigarettes were sold in 2000 (the last year for which data are available). Therefore, without taking adjustments into account, the MSA will cost the tobacco manufactures about 46 cents per pack. |
|         | (11) | New York Times Magazine   |