



Federal Trade Commission Smokeless Tobacco Report for 2007 and 2008

ISSUED: 2011

I. INTRODUCTION

This report is the latest in a series on smokeless tobacco sales, advertising, and promotion that the Federal Trade Commission (“Commission”) has prepared since 1987.¹ The statistical tables contained within this report provide information on domestic smokeless tobacco sales and advertising and promotional activities. Commission staff prepared these tables using information collected, pursuant to compulsory process, from the parent companies of the five major manufacturers of smokeless tobacco products in the United States: North Atlantic Trading Company, Inc. (the parent of National Tobacco Company LP); Reynolds American, Inc. (parent of R.J. Reynolds Tobacco Company and Conwood Company, LLC²); Swedish Match North America, Inc.; Swisher International Group, Inc. (the parent of Swisher International, Inc.); and UST, Inc. (the parent of United States Smokeless Tobacco Company).³ The 2008 figures also include sales and expenditure data for a joint venture between Swedish Match North America and Lorillard Tobacco Company.

II. TOTAL SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES

The figures in Table 1 show that the total amount of smokeless tobacco sold by manufacturers to wholesalers and retailers increased from 115.82 million pounds in 2006 to 118.23 million pounds in 2007. Sales rose again in 2008 to 119.92 million pounds.

¹ Some 1985 data are included. The 1985 data are less detailed than those from 1986 forward because they were collected retrospectively and were meant to serve as baseline data.

² In 2010, Conwood Company, LLC changed its name to American Snuff Company, LLC.

³ UST, Inc. was acquired by Altria Group, Inc. in 2009, and is now known as UST LLC.

Sales revenues received by the manufacturers from wholesalers and retailers also increased over the same period, rising from \$2.59 billion in 2006 to \$2.70 billion in 2007, and then to \$2.76 billion in 2008. These increases reversed the trend of the previous years, which had seen revenues decline from 2004 through 2006.

The five major manufacturers spent a total of \$411.3 million on advertising and promotion in 2007, an increase from the \$354.1 million spent in 2006. Advertising and promotional expenditures rose again in 2008 to \$547.9 million.

Table 2 shows the number of units of smokeless tobacco the companies sold and gave away in packages of various size (*e.g.*, less than 1 ounce, from 2 ounces to less than 5 ounces, or 15 ounces or more). In both 2007 and 2008 – as in the previous five years for which these data are available – more packages weighing 1 ounce to less than 2 ounces were sold and given away than any other size package.

III. SMOKELESS TOBACCO ADVERTISING AND PROMOTIONAL EXPENDITURES BY CATEGORY⁴

Magazine advertising declined from to \$16.6 million in 2006 to \$13.9 million in 2007; it then rose to \$17.1 million in 2008.⁵ Spending on outdoor advertising rose from \$166,000 in

⁴ Detailed definitions of the expenditure categories appear in the Appendix to this report. If only one company reported spending money on a particular type of advertising or promotion, that category is shown as “N/A” on Table 3G and the expenditures are included in the “All Others” category, to avoid potential disclosure of individual company data. For this reason, the Commission is not identifying the amounts spent on newspaper advertising, audio-visual advertising, promotional allowances paid to persons other than retailers and wholesalers, branded and non-branded specialty items, endorsements, or telephones for one or both of the years covered by the report.

⁵ Beginning with data for the years 2002-2005, the Commission has permitted the companies to report expenditures in thousands of dollars, rather than in actual dollars, as had previously been required. However, some companies reported 2007 and 2008 expenditure data in actual dollars, and those figures are reported as provided.

2006 to \$334,000 in 2007, before declining to \$219,000 in 2008.⁶ And as they have each year since the Commission began collecting these data, the companies reported no expenditures for transit advertising.

In 2007, the companies reported spending \$12.2 million on direct mail advertising, an increase from the \$9.6 million spent in 2006. Direct mail spending declined in 2008 to \$7.6 million. Point-of-sale advertising rose from \$20.8 million in 2006 to \$29.3 million in 2007, and then to \$55.3 million in 2008.

The companies reported spending \$249.5 million on price discounts (payments made to smokeless tobacco retailers or wholesalers in order to reduce the price of smokeless tobacco to consumers) in 2007 – up from \$203.7 million in 2006 – and \$324.6 million in 2008, making it the single largest expenditure category in both years (accounting for 60.7% of total 2007 spending, and 59.3% of 2008 spending).

In addition, the companies reported spending \$5.3 million in 2007 and \$6.4 million in 2008 on promotional allowances paid to smokeless tobacco retailers, and \$12.4 million (2007) and \$18.6 million (2008) on promotional allowances paid to wholesalers. In 2006, these figures were \$3.7 million and \$9.0 million, respectively.

⁶ The Commission's orders for the years since 2002 have defined "outdoor" advertising to mean billboards; signs and placards in arenas, stadiums, and shopping malls (whether they are open air or enclosed); and any other ads placed outdoors, regardless of their size, including those on the property of smokeless tobacco retailers. Prior to 2002, "outdoor" advertising was not precisely defined. In particular, it was not clear that signs in arenas, stadiums, shopping malls, or on retailer property were to be reported in this category.

The companies reported coupon expenditures of \$15.5 million in 2007, down from \$16.1 million in 2006. Coupon expenditures in 2008 were \$29.5 million.

Retail-value-added expenditures are the costs associated with offers such as “buy one, get one free” and “buy three, get a free T-shirt,” where the bonus item is distributed at retail when the smokeless tobacco product is purchased. Since 2002, the retail-value-added category has been broken into two categories – one where the bonus item is additional smokeless tobacco and one where the bonus items are not smokeless tobacco. In 2007, the companies spent \$8.5 million on retail-value-added involving free smokeless tobacco products, a decrease from the \$12.0 million spent in 2006; that figure rose to \$10.5 million in 2008. They also spent \$626,122 in 2007 (a decrease from the \$1.4 million spent in 2006) on retail-value-added involving free non-smokeless tobacco items; in 2008, the companies spent \$4.5 million on retail-value-added involving free non-smokeless tobacco items.

In 2006, the companies reported spending \$891,000 on advertising on their websites and \$944,000 on Internet advertising other than on their own websites. In 2007, the companies reported spending \$3.1 million and \$2.1 million, respectively, on those two forms of advertising. In 2008, those figures were \$2.1 million and \$2.5 million, respectively.

Since 1992, the Commission has required the manufacturers to report the total amount of money they spent advertising and promoting sports and sporting events.¹¹ This question is

The companies also report to the Commission how much they spend on public entertainment events displaying their corporate name, but not displaying the name or logo of any brand of any smokeless tobacco product or otherwise referring to smokeless tobacco. These sums are not included in Tables 1 and 3H.

¹¹ This includes expenditures for: (1) the sponsoring, advertising, or promotion of sports or sporting events; support of an individual, group, or sports team; and purchase of or support for equipment, uniforms, sports facilities, and/or training facilities; (2) advertising in the name of the

separate from, and duplicative of, the reporting of the individual various advertising and promotion categories. For example, money spent on a magazine advertisement promoting a smokeless tobacco-branded sports tournament open to those of all ages is reported under the category “general-audience public entertainment” and is also reported as an expenditure on “sports and sporting events.” Similarly, expenditures on sponsorship of sports teams and individual athletes are reported

smokeless tobacco company or any of its brands in a sports facility, on a scoreboard, or in conjunction with the reporting of sports results; and (3) all expenditures for functional promotional items (clothing, hats, etc.) connected with a sporting event.

¹² These expenditures are not included in the figures reported in Table 3G, and as explained in footnote 4, the Commission is not reporting the amounts spent.

or television shows. Most of the companies also reported that neither they nor anyone working for them or on their behalf: sought, solicited, granted approval, or otherwise gave permission for the appearance of any smokeless tobacco product or smokeless tobacco brand imagery in any motion picture, television show, or video appearing on the Internet. One company, however, reported having videos posted on company websites that were restricted to age-verified consumers who were required to submit personal identification numbers and passwords before gaining access to those videos.

IV. SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTION

¹³ The Commission is not separately reporting data on dissolvables because only one company reported selling these products.

Similarly, moist snuff continued to generate more revenue than any other type of smokeless tobacco. In 2007, sales of moist stuff were \$2.31 billion, representing 85.6% of total smokeless tobacco sales. In 2008, the companies sold \$2.38 billion (86.2 % of total sales).

Tables 4A through 4D also indicate that moist snuff continued to receive the greatest advertising and promotional support in both 2007 and 2008. In 2007, the companies spent \$350.6 million on moist snuff. In 2008, they spent \$287.3 million advertising and promoting moist snuff, compared to \$24.0 million for loose leaf/chewing tobacco(000 TD(ind)Tj18.0.0000 cm0.00 0.00 0.

¹⁴ The Commission now allows the companies to report marketing expenditures at the brand level, rather than at the variety level. For those smokeless tobacco brand families that encompass more than one type of product (*e.g.*, moist snuff and plug/twist), marketing expenditures are thus available only at the brand level, and not for each individual type of product within the brand family.

TABLE 1
TOTAL SMOKELESS TOBACCO SALES
AND ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR 1985 - 2008

<u>Year</u>	<u>Sales in Pounds</u>	<u>Sales in Dollars</u>	<u>Advertising and Promotional Expenditures</u>
1985	121,449,115	\$730,618,970	\$80,068,229
1986	118,778,334	\$797,777,885	\$76,676,706
1987	116,540,281	\$852,717,347	\$67,777,044
1988	114,433,782	\$901,654,382	\$68,223,671
1989	116,440,365	\$981,637,304	\$81,200,611
1990	117,415,326	\$1,091,170,201	\$90,101,327
1991	120,110,686	\$1,237,961,670	\$104,004,040
1992	118,372,693	\$1,361,360,729	\$115,346,708
1993	115,888,785	\$1,475,460,518	\$119,230,826
1994	115,495,201	\$1,612,098,989	\$125,972,408
1995	116,387,464	\$1,735,840,489	\$127,323,282
1996	116,404,222	\$1,790,406,160	\$123,877,458
1997	113,975,148	\$1,817,508,055	\$150,426,310
1998	110,036,380	\$1,886,328,217	\$145,486,899
1999	109,401,055	\$1,940,736,017	\$170,213,761
2000	111,741,335	\$1,988,875,535	\$224,582,757
2001	112,193,550	\$2,127,520,387	\$236,676,917
2002	112,148,366	\$2,362,166,931	\$234,645,000
2003	112,924,505	\$2,489,501,857	\$242,514,000
2004	116,768,672	\$2,617,388,686	\$231,084,000
2005	116,197,005	\$2,611,292,547	\$250,792,000
2006	115,818,739	\$2,593,436,592	\$354,123,000
2007	118,234,763	\$2,695,462,138	\$411,309,000
2008	119,915,125	\$2,757,087,244	\$547,873,100

TABLE 2**NUMBER OF UNITS SOLD AND GIVEN AWAY – BY PACKAGE SIZE
FOR 2002 - 2008**

		Less than 1 oz.	1 oz. to less than 2 oz.	2 oz. to less than 5 oz.	5 oz. to less than 10 oz.	10 oz. to less than 15 oz.	15 oz. or more
2002	sold	25,394,260	887,095,347	216,169,305	6,628,408	15,735	36,200
	given away	915,205	22,123,561	3,792,001	0	0	0
2003	sold	37,883,014	918,733,530	203,567,697	7,848,051	15,936	353,436
	given away	2,663,753	14,474,790	2,352,034	0	0	0
2004	sold	42,705,741	959,223,302	191,040,358	8,645,329	15,456	2,118,017
	given away	7,422,914	15,859,744	2,247,914	0	0	24
2005	sold	47,107,372	980,089,404	175,013,057	7,902,121	14,064	2,275,388
	given away	5,952,331	17,059,852	1,983,417	48	0	0
2006	sold	49,584,382	994,410,045	161,133,012	7,136,052	14,575	2,552,377
	given away	4,699,963	19,699,034	9,632,177	0	0	2,280
2007	sold	63,590,228	1,056,392,109	158,097,486	1,679,601	6,350	2,687,159
	given away	6,746,905	10,922,306	9,489,740	72	0	5,616
2008	sold	77,241,248	1,072,780,163	138,515,458	5,740,339	53,012	2,826,765
	given away	6,580,518	15,120,663	9,962,337	12	750	5,626

TABLE 3A

**SMOKELESS TOBACCO ADVERTISING
AND PROMOTIONAL EXPENDITURES
BY CATEGORY
FOR 1985**

Television & Radio Advertising	\$26,584,731
Total Print	\$8,719,379
<u>All Other</u>	<u>\$44,764,119</u>
Total	\$80,068,229

TABLE 3B**SMOKELESS TOBACCO ADVERTISING
AND PROMOTIONAL EXPENDITURES
BY CATEGORY
FOR 1986 AND 1987**

	1986	1987
Newspapers	\$626,979	\$1,452,710
Magazines	\$6,226,654	\$9,237,988
Outdoor	\$2,722,557	\$8,321,315
Television & Radio *	\$16,067,211	\$0
Audio, Visual	\$2,579,268	\$0
Transit	\$0	\$0
Point-of-Sale	\$4,234,207	\$5,789,436
Promotional Allowances	\$8,231,580	\$7,554,592
Sampling	\$13,699,156	\$13,877,923
Distribution Bearing Names	\$2,353,816	\$4,312,094
Direct Mail	\$20,844	\$48,979
Public Entertainment	\$13,823,266	\$14,844,425
Endorsements	\$435,710	\$245,105
<u>All Other</u>	<u>\$5,655,458</u>	<u>\$2,092,477</u>
TOTAL	\$76,676,706	\$67,777,044

* Expenditures allocated for television and radio advertising on electronic media subject to Federal Communications Commission ("FCC") regulations cover approximately six months of 1986 because the statutory broadcast ban became effective on August 28, 1986.

TABLE 3C

**SMOKELESS TOBACCO ADVERTISING
AND PROMOTIONAL EXPENDITURES
BY CATEGORY
FOR 1988 - 1991**

	1988	1989	1990	1991
Newspapers	\$940,256	\$449,918	\$880,629	\$1,109,503
Magazines	\$5,778,582	\$6,410,401	\$10,214,280	\$9,652,958
Outdoor	\$4,801,955	\$2,913,074	\$2,650,471	\$1,644,287
Audio, Visual	\$0	\$0	\$0	\$0
Transit	\$0	\$0	\$0	\$0
Point-of-Sale	\$7,436,270	\$9,693,996	\$10,320,657	\$10,749,602
Promotional Allowances	\$6,360,041	\$8,327,225	\$9,936,022	\$14,771,597
Sampling	\$12,345,180	\$15,019,174	\$13,461,932	\$13,959,101
Distribution Bearing Names	\$4,055,180	\$4,611,457	\$2,854,289	\$3,866,263
Direct Mail	\$623,731	\$935,370	\$78,000	\$893,000
Public Entertainment	\$17,501,791	\$19,638,397	\$20,272,355	\$21,116,095
Endorsements	\$260,539	\$292,290	\$264,484	\$344,000
Coupons & Retail-value- added*	\$4,655,429	\$9,689,049	\$16,438,440	\$23,306,499
<u>All Other</u>	<u>\$3,463,919</u>	<u>\$3,220,210</u>	<u>\$2,729,768</u>	<u>\$2,591,135</u>
TOTAL	\$68,223,671	\$81,200,611	\$90,101,327	\$104,004,040

* One company reported no expenditures for this category because its accounting records were not maintained to allow calculation of these expenditures. Instead, these expenditures were reported to the Commission in the Point-of-Sale or Promotional Allowances categories.

One company

TABLE 3E

**SMOKELESS TOBACCO ADVERTISING AND PROMOTIONAL EXPENDITURES
BY CATEGORY FOR 1996 - 2001**

	1996	1997	1998	1999	2000	2001
Newspapers	\$236,765	\$1,642,347	\$2,807,281	\$3,306,548	\$2,413,104	\$1,825,748
Magazines	\$13,362,100	\$11,874,395	\$18,389,758	\$18,436,630	\$13,890,399	\$21,963,961
Outdoor	\$3,544,994	\$4,991,256	\$2,228,381	\$7,258	\$6,987	\$10,522
Audio, Visual	\$0	\$0	\$0	\$0	\$0	\$0
Transit	\$0	\$0	\$0	\$0	\$0	\$0
Point-of-Sale	\$13,568,572	\$14,712,560	\$25,202,972	\$26,092,942	\$15,179,555	\$17,412,893
Promotional Allowances	\$12,722,615	\$14,692,865	\$14,959,694	\$30,756,608	\$45,393,210	\$60,866,870
Sampling	\$12,640,816	\$11,155,411	\$17,439,990	\$17,884,888	\$15,761,075	\$17,888,963
Distribution Bearing Names	\$11,728,976	\$17,999,555	\$3,768,161	\$3,161,884	\$347,124	\$324,694
Direct Mail	\$314,599	\$808,247	\$6,948,300	\$5,620,844	\$17,015,856	\$16,340,203
Public Entertainment	\$22,736,345	\$28,940,337	\$25,426,519	\$22,136,453	\$11,223,945	\$18,063,522
Endorsements	\$162,500	\$165,000	\$165,000	\$130,000	\$230,000	\$255,000
Coupons	\$3,446,225**	\$3,447,124*	\$10,965,387	\$24,221,899	\$32,746,769	\$31,526,860
Retail-value-added	\$22,390,838*	\$34,938,115*	\$11,204,800*	\$11,135,604*	\$64,883,152	\$43,235,466
Internet	\$0	\$0	\$0	\$0	\$155,405	\$262,296
<u>All Other</u>	<u>\$4,397,683</u>	<u>\$5,059,097</u>	<u>\$5,980,656</u>	<u>\$7,322,203</u>	<u>\$5,336,176</u>	<u>\$6,699,919</u>
TOTAL	\$123,877,458	\$150,426,310	\$145,486,899	\$170,213,761	\$224,582,757	\$236,676,917
Sports & Sporting Events	\$19,784,813	\$25,751,503	\$26,620,636	\$23,401,714	\$11,026,204	\$17,866,620

** One company reported no expenditures for this category because its accounting records were not maintained to allow calculation of these expenditures. Instead, these expenditures were reported to the Commission in the Point-of-Sale or Promotional Allowances categories.

TABLE 3F

**SMOKELESS TOBACCO ADVERTISING AND PROMOTIONAL
EXPENDITURES BY CATEGORY FOR 2002 - 2005**

	2002	2003	2004	2005
Newspapers	\$722,000	\$262,000	\$285,000	\$453,000
Magazines	\$23,142,000	\$22,838,000	\$25,002,000	\$20,996,000
Outdoor	\$117,000	\$101,000	\$184,000	\$207,000
Audio, Visual	\$7,000	\$139,000	\$7,000	\$119,000
Transit	\$0	\$0	\$0	\$0
Direct Mail	\$7,073,000	\$5,982,000	\$5,670,000	\$8,237,000
Point-of-Sale	\$16,894,000	\$20,874,000	\$23,120,000	\$20,748,000
Price Discounts	\$99,000,000	\$106,531,000	\$86,977,000	\$99,699,000
Promotional Allowances – Retailers	\$3,245,000	\$5,103,000	\$4,285,000	\$3,406,000
Promotional Allowances – Wholesalers	\$16,755,000	\$12,632,000	\$11,222,000	\$12,550,000
Promotional Allowances – Other	\$41,000	\$29,000	\$9,000	\$29,000
Sampling	\$25,754,000	\$22,483,000	\$25,156,000	\$28,180,000
Specialty Item Distribution – Branded	\$419,000	\$45,000	\$22,000	\$119,000
Specialty Item Distribution – Non-Branded	\$0	\$0	\$0	\$36,000
Public Entertainment – Adult Only	\$0	\$0	\$7,000	\$73,000
Public Entertainment – General Audience	\$1,453,000	\$1,640,000	\$1,349,000	\$215,000
Endorsements & Testimonials	\$130,000	\$355,000	\$355,000	\$355,000
Sponsorships	\$8,864,000	\$8,170,000	\$9,018,000	\$4,192,000
Coupons	\$12,156,000	\$11,524,000	\$10,686,000	\$28,622,000
Retail-value-added – Bonus Smokeless Tobacco Product	\$13,686,000	\$16,004,000	\$14,950,000	\$9,310,000
Retail-value-added – Non-Smokeless Tobacco Bonus	\$466,000	\$556,000	\$2,650,000	\$4,430,000
Company Websites	\$18,000	\$15,000	\$877,000	\$272,000
Internet – Other	\$54,000	\$25,000	\$16,000	\$413,000
Telephone	\$169,000	\$374,000	\$231,000	\$120,000
<u>All Other</u>	<u>\$4,480,000</u>	<u>\$6,832,000</u>	<u>\$9,006,000</u>	<u>\$8,011,000</u>
TOTAL	\$234,645,000	\$242,514,000	\$231,084,000	\$250,792,000
Sports & Sporting Events	\$21,063,000	\$16,942,000	\$20,649,000	\$15,749,000

TABLE 3G**SMOKELESS TOBACCO ADVERTISING AND PROMOTIONAL
EXPENDITURES BY CATEGORY FOR 2006-2008**

	2006	2007	2008
Newspapers	N/A	N/A	N/A ^{900c}
Magazines	\$16,591,000	\$13,913,173	\$17,121,980
Outdoor	\$166,000	\$334,000	\$219,000
Audio, Visual	N/A	N/A	\$0
Transit	\$0	\$0	\$0
Direct Mail	\$9,574,000	\$12,205,426	\$7,578,568
Point-of-Sale	\$20,824,000	\$29,318,474	\$55,294,980
Price Discounts	\$203,692,000	\$249,509,598	\$324,647,400
Promotional Allowances – Retailers	\$3,731,000	\$5,349,323	\$6,415,563
Promotional Allowances – Wholesalers	\$9,047,000	\$12,382,780	\$18,577,976
Promotional Allowances – Other	N/A	N/A	N/A
Sampling	\$41,979,000	\$35,113,367	\$29,935,510
Specialty Item Distribution – Branded	N/A	N/A	\$508,550
Specialty Item Distribution – Non-Branded	\$34,000	N/A	\$3,079,000
Public Entertainment – Adult Only	\$0	N/A	\$14,300,000
Public Entertainment – General Audience	\$144,000	N/A	N/A
Endorsements & Testimonials	N/A	N/A	N/A
Sponsorships	N/A	\$10,462,200	\$9,319,000
Coupons	\$16,133,000	\$15,451,687	\$29,473,550
Retail-value-added – Bonus Smokeless Tobacco Product	\$12,047,000	\$8,496,586	\$10,464,260
Retail-value-added – Non-Smokeless Tobacco Bonus	\$1,406,000	\$626,122	\$4,513,724
Company Websites	\$891,000	\$3,109,935	\$2,084,642
Internet – Other	\$944,000	\$2,050,000	\$2,538,000
Telephone	N/A	N/A	\$0

TABLE 4A

SMOKELESS TOBACCO S

TABLE 4B

**SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL
EXPENDITURES BY TOBACCO TYPE FOR 1986 - 2008**

TABLE 4C

**SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL
EXPENDITURES BY TOBACCO TYPE FOR 1986 - 2008**

SCOTCH/DRY SNUFF

	<u>Pounds Sold</u>	<u>Dollar Sales</u>	<u>Advertising and Promotional Expenditures</u>
1986	8,110,168	\$58,951,001	\$181,977
1987	7,255,296	\$56,709,742	\$263,482
1988	7,069,754	\$57,221,662	\$501,543
1989	7,244,911	\$62,155,826	\$654,591
1990	6,185,410	\$56,601,390	\$472,404
1991	5,833,210	\$56,881,288	\$517,145
1992	5,623,404	\$57,657,911	\$354,774
1993	4,996,957	\$54,302,829	\$313,659
1994	4,814,130	\$55,574,320	\$272,038
1995	4,490,094	\$53,885,040	\$486,280
1996	4,218,705	\$53,858,106	\$437,339
1997	4,063,630	\$54,725,929	\$522,260
1998	3,781,891	\$53,292,750	\$155,484
1999	3,572,339	\$53,229,345	\$61,516
2000	3,463,705	\$54,205,273	\$54,878
2001	3,364,601	\$56,339,020	\$68,552
2002	3,077,100	\$56,344,777	\$79,000
2003	2,853,516	\$56,087,685	\$69,000
2004	2,656,336	\$54,672,024	\$125,000
2005	2,402,904	\$52,986,545	\$103,000
2006	2,170,341	\$51,895,254	\$191,000
2007	2,003,974	\$50,423,814	\$173,763
2008	4,280,152	\$48,712,026	\$179,000

TABLE 4E

**SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL
EXPENDITURES BY TOBACCO TYPE FOR 2008**

SNUS

	<u>Pounds Sold</u>	<u>Dollar Sales</u>	Advertising and <u>Promotional Expenditures</u>
2008	170,527	\$9,148,659	\$58,763,000

TABLE 5A

**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2002 - 2008**

LOOSE LEAF/CHEWING TOBACCO

	Less than 1 oz.	1 oz. to less than 2 oz.	2 oz. to less than 5 oz.	5 oz. to less than 10 oz.	10 oz. to less than 15 oz.	15 oz. or more
2002	0	699,115	203,476,178	5,426,568	0	2,800
2003	0	658,495	191,761,704	6,750,937	0	286,274
2004	0	542,335	180,401,587	7,586,542	0	2,002,084
2005	0	448,644	165,667,992	6,859,556	0	2,157,700
2006	0	376,297	156,832,421	6,163,226	684	2,507,750
2007	365,706	317,120	150,399,964	5,039,908	164	2,615,539
2008	265,853	259,488	134,883,519	4,896,761	(1,440)	2,783,493

TABLE 5B

**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2002 - 2007**

PLUG/TWIST CHEWING TOBACCO

	Less than 1 oz.	1 oz. to less than 2 oz.	2 oz. to less than 5 oz.	5 oz. to less than 10 oz.	10 oz. to less than 15 oz.	15 oz. or more
2002	0	9,789,738	8,013,482	0	0	0
2003	3,960	9,057,230	7,417,331	0	0	1,184
2004	172,596	8,121,211	6,825,354	0	0	7,591
2005	229,638	7,388,766	6,041,214	0	0	7,848
2006	219,732	6,382,398	1,275,303	0	0	1,518
2007	0	6,113,798	1,107,983	0	0	3,991
2008	(2,976)	5,723,997	1,093,135	0	0	3,353

TABLE 5C

**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2002 - 2007**

SCOTCH/DRY SNUFF

	Less than 1 oz.	1 oz. to less than 2 oz.	2 oz. to less than 5 oz.	5 oz. to less than 10 oz.	10 oz. to less than 15 oz.	15 oz. or more
2002	833,184	17,320,899	4,679,645	1,201,840	15,735	33,400
2003	800,640	16,092,214	4,388,662	1,097,114	15,936	34,994
2004	764,064	15,023,756	3,813,417	1,058,787	15,456	49,512
2005	734,976	13,637,790	3,303,851	1,042,565	14,064	47,134
2006	655,712	12,376,413	3,025,288	972,826	13,891	16,356
2007	1,676,174	10,804,273	2,531,367	697,253	0	23,213
2008	598,464	10,557,468	2,538,033	844,505	0	21,147

TABLE 5D

**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2002 - 2007**

MOIST SNUFF

	Less than 1 oz.	1 oz. to less than 2 oz.	2 oz. to less than 5 oz.	5 oz. to less than 10 oz.	10 oz. to less than 15 oz.	15 oz. or more
2002	24,561,076	859,285,595	0	0	0	0
2003	37,078,414	892,925,591	0	0	0	30,984
2004	41,769,081	935,536,000	0	0	0	58,830
2005	46,142,758	958,614,204	0	0	0	62,706
2006	48,576,464	975,274,937	0	0	0	26,753
2007	60,274,128	1,039,156,919	612	0	6,186	44,416
2008	71,986,220	1,056,217,422	771	0	54,452	18,772

TABLE 5E

**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2008**

SNUS

	Less than 1 oz.	1 oz. to less than 2 oz.	2 oz to less than 5 oz.	5 oz. to less than 10 oz.	10 oz to less than 15 oz.	15 oz. or more
2008	4,385,317	21,788	0	0	0	0

APPENDIX

2007 and 2008 Advertising and Promotional Expenditure Categories

Newspapers: Newspaper advertising; but excluding expenditures in connection with sampling, specialty item distribution, public entertainment, endorsements, sponsorships, coupons, and retail-value-added.

Magazines: Magazine advertising; but excluding expenditures in connection with sampling, specialty item distribution, public entertainment, endorsements, sponsorships, coupons, and retail-value-added.

Outdoor: Billboards; signs and placards in arenas, stadiums, and shopping malls, whether they are open air or enclosed; and any other advertisements placed outdoors, regardless of their size, including those on smokeless tobacco retailer property; but excluding expenditures in connection with sampling, specialty item distribution, public entertainment, endorsements, sponsorships, coupons, and retail-value-added.

Audio-visual: Audio-visual or video advertising on any medium of electronic communication not subject to the Federal Communications Commission's jurisdiction, including screens at motion picture theaters, video cassettes or DVDs, and monitors in stores; but excluding expenditures in connection with Internet advertising.

Transit: Advertising on or within private or

Specialty Item Distribution – Branded: All costs of distributing any item (other than smokeless tobacco products, items the sole function of which is to advertise or promote smokeless tobacco products, or written or electronic publications), whether distributed by sale, redemption of coupons, or otherwise, that bears the name, logo, or an image of any portion of the package of any brand or variety of smokeless tobacco product, including the cost of the items distributed but subtracting any payments received for the item. The costs associated with distributing non-smokeless tobacco items in connection with sampling or retail-value-added programs are reported in those categories, not as specialty item distribution.

Specialty Item Distribution – Non-Branded: All costs of distributing any item (other than smokeless tobacco products, items the sole function of which is to advertise or promote smokeless tobacco products, or written or electronic publications), whether distributed by sale, redemption of coupons, or otherwise, that does not bear the name, logo, or an image of any portion of the package of any brand or variety of smokeless tobacco product, including the cost of the items distributed but subtracting any payments received for the item. The costs associated with distributing non-smokeless tobacco items in connection with sampling or retail-value-added programs are reported in those categories, not as specialty item distribution.

Public Entertainment – Adult-Only: Public entertainment events bearing or otherwise displaying the name or logo or an image of any portion of the package of any of the Company’s smokeless tobacco products or otherwise referring or relating to smokeless tobacco, which take place in an adult-only facility, including all expenditures made by the Company in promoting and/or sponsoring such events.

Public Entertainment – General-Audience: Public entertainment events bearing or otherwise displaying the name or logo or an image of any portion of the package of any of the Company’s smokeless tobacco products or otherwise referring or relating to smokeless tobacco, which do not take place in an adult-only facility, including all expenditures made by the Company in promoting and/or sponsoring such events.

Endorsements & Testimonials: Endorsements, testimonials, and product placement.

Sponsorships: Sponsorships of sports teams or individual athletes, but excluding endorsements.

Coupons: All costs associated with coupons for the reduction of the retail cost of smokeless tobacco products, whether redeemed at the point of sale or by mail, including all costs associated with advertising or promotion, design, printing, distribution, and redemption. However, when coupons are distributed for free smokeless tobacco and no purchase or payment is required to obtain the coupons or the smokeless tobacco, these activities or retailing all pac