



Federal Trade Commission
Smokeless Tobacco Report
for 2009 and 2010

ISSUED: 2012

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 major manufacturers of smokeless tobacco products in the United States: Altria Group, Inc.;² North Atlantic Trading Company, Inc.; Reynolds American, Inc.;³ Swedish Match North America, Inc.; and Swisher International Group, Inc. The 2009 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 1A show that the total amount of smokeless tobacco sold by manufacturers to wholesalers and retailers declined from 119.92 million pounds in 2008 to 117.69 million pounds in 2009. Sales rose in 2010 to 120.52 million pounds.

Sales revenues received by the manufacturers from wholesalers and retailers followed the same pattern, declining from \$2.76 billion in 2008 to \$2.61 billion in 2009, before rising to \$2.78 billion in 2010.

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 2009, Altria Group, Inc. acquired UST, Inc., which is now known as UST LLC.

³ In 2010, Reynolds American, Inc. subsidiary Conwood Company, LLC changed its name to American Snuff Company, LLC.

The manufacturers spent a total of \$492.1 million on advertising and promotion in 2009, down from the \$547.9 million spent in 2008. Advertising and promotional expenditures fell again in 2010 to \$444.2 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 2009 and 2010 – as in the previous years for which these data are available – more packages weighing 1 ounce to less than 2 ounces were sold than any other size package. More packages weighing 1 ounce to less than 2 ounces were given away in 2009 than any other size package, but in 2010, packages weighing 2 ounces to less than 5 ounces were given away the most.

III. SMOKELESS TOBACCO ADVERTISING AND PROMOTIONAL EXPENDITURES BY CATEGORY⁴

Magazine advertising declined from to \$17.1 million in 2008 to \$7.9 million in 2009; it then rose to \$11.1 million in 2010.⁵ Spending on outdoor advertising rose from \$219,000 in 2008 to \$980,000 in 2009, before declining to \$386,000 in 2010.⁶ The companies reported

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, promotional allowances paid to persons other than retailers and wholesalers, general audience public entertainment, branded specialty items, endorsements, or sponsorships for one or both of the years covered by this 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, if companies provide expenditure data in actual dollars, those figures are reported as such.

⁶ The Commission’s orders for the years since 2002 have defined “outdoor” advertising to

spending no money on audio-visual advertising and, as they have each year since the Commission began collecting these data, they reported no expenditures for transit advertising.

In 2009, the companies reported spending \$9.6 million on direct mail advertising, an increase from the \$7.6 million spent in 2008. Direct mail spending declined in 2010 to \$8.9 million.

Point-of-sale advertising remained relatively unchanged from 2008 (\$55.3 million) to 2009 (\$55.1 million), before declining to \$45.6 million in 2010.

The companies reported spending \$160.3 million on price discounts (payments made to smokeless tobacco retailers or wholesalers in order to reduce the price of smokeless tobacco to consumers) in 2009 and \$95.0 million in 2010. Although these amounts were substantially less than the \$324.6 million spent in 2008, price discounts remained the single largest expenditure category in both years (accounting for 32.6 percent of total 2009 spending, and 21.4 percent of 2010 spending).

Spending on promotional allowances (intended to facilitate the sale or placement of smokeless tobacco) paid to smokeless tobacco retailers and wholesalers increased from their 2008 levels: \$6.4 million (retailers) and \$18.6 million (wholesalers). The companies reported spending \$24.1 million in 2009 and \$41.5 million in 2010 on promotional allowances paid to smokeless tobacco retailers, and \$40.5 million (2009) and \$51.3 million (2010) on promotional allowances paid to wholesalers.

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.

When these three promotional allowance categories are combined, they account for 45.7 percent of total 2009 spending and 42.3 percent of total 2010 spending; in 2008, they accounted for 63.8 percent of total spending. The companies also reported spending \$54,674 in 2010 on promotional allowances paid to persons other than retailers and wholesalers. The Commission is not separately reporting the amount spent in 2009.

The companies reported spending \$39.7 million in 2009 and \$21.0 million in 2010 to give smokeless tobacco samples to the public (“sampling”). The Commission’s definitions of “sampling” and “coupons” make clear that when coupons are distributed for free smokeless tobacco products and no purchase is required to obtain the coupon or to redeem it for the smokeless tobacco, such activities are to be reported as “sampling.” In 2008, the companies reported spending \$29.9 million on sampling.

Since 2002, the specialty item distribution category has been broken down into two sub-categories: branded and non-branded.⁷ In 2009, \$13.5 million was spent on non-branded specialty item distribution; that figure declined to \$6.1 million in 2010. The Commission is not separately reporting spending on branded specialty items.

Expenditures for public entertainment in adult-only facilities (*e.g.*, bar nights or concerts) rose from \$14.3 million in 2008 to \$22.3 million in 2009, and then to \$32.4 million in 2010. The Commission is not separately reporting the amounts spent in 2009 and 2010 on general-audience public entertainment.

⁷ This expenditure category covers items (such as T-shirts, caps, sunglasses, key chains, calendars, lighters, and sporting goods) distributed through the mail, at promotional events, or by any means other than at the point of sale with the purchase of smokeless tobacco. Specialty items provided at retail with smokeless tobacco products (*e.g.*, “buy three, get a free key chain”) are deemed retail-value-added.

The companies reported coupon expenditures of \$31.2 million in 2009, up from \$29.5 million in 2008. Coupon expenditures in 2010 were \$34.5 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 item is not smokeless tobacco. In 2009, the companies spent \$28.7 million on retail-value-added involving free smokeless tobacco products, an increase from the \$10.5 million spent in 2008; that figure rose to \$44.1 million in 2010. They also spent \$2.5 million in 2009 (down from the \$4.5 million spent in 2008) on retail-value-added involving free non-smokeless tobacco items; in 2010, the companies spent \$4.1 million on retail-value-added involving free non-smokeless tobacco items.

In 2008, the companies reported spending \$2.1 million on advertising on their websites and \$2.5 million on Internet advertising other than on their own websites. In 2009, the companies reported spending \$6.1 million and \$2.3 million, respectively, on those two forms of advertising. In 2010, those figures were \$8.5 million and \$1.3 million, respectively.

The compulsory process orders issued by the Commission in 2011 for 2009 and 2010 data for the first time asked specifically for spending on “social media marketing on Web sites or other online services or communities, including but not limited to social networking sites, microblogging sites, content-sharing sites, and blogs.” The companies reported spending no money in this category in either 2009 or 2010.

Since 1992, the Commission has required the manufacturers to report the total amount of money they spent advertising and promoting sports and sporting events.⁸ This question is 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 under the category “sponsorship” and are also reported as “sports and sporting events.” These expenditures are only counted once, however, in computing the industry’s total advertising and promotional expenditures. Expenditures for sports and sporting events rose from \$14.6 million in 2008 to \$15.2 million in 2009, before declining to \$9.0 million in 2010.

Only one company reported spending money in 2009 and 2010 on advertisements directed to youth or their parents that were intended to reduce youth use of smokeless tobacco products.⁹

Smokeless tobacco manufacturers reported that neither they nor anyone working for them or on their behalf paid money or any other form of compensation in connection with the production or filming of any motion picture or television show in 2009 or 2010, or paid money

⁸ 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 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.

⁹ These expenditures are not included in the figures reported in Table 3G.

or any other form of compensation to anyone engaged in product placement in motion pictures 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, did have videos on company websites that were restricted to its employees, contractors, and retailers.

IV. SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE

The Commission historically has reported sales and advertising expenditures for several different types of smokeless tobacco products, including dry snuff, moist snuff, plug/twist, and loose leaf chewing tobacco. In 2008, the Commission also required the companies to provide data for snus and dissolvable smokeless tobacco products. Tables 4A through 4E present details on sales and advertising and promotional expenditures by type of smokeless tobacco, including snus (Table 4E).¹⁰

The number of pounds of loose leaf/chewing tobacco, plug/twist, and scotch/dry snuff sold all fell from 2008 to 2009, and then again from 2009 to 2010. In contrast, the number of pounds of both moist snuff and snus sold rose in both years. As it has for years, moist snuff sales exceeded the combined sales of all other kinds of smokeless tobacco.

Moist snuff also continued to generate more revenue than any other type of smokeless tobacco. In 2009, sales of moist stuff were \$2.19 billion, representing 83.9 percent of total

¹⁰ The Commission is not separately reporting data on dissolvables because only one company reported selling these products.

smokeless tobacco sales. In 2010, the companies sold \$2.34 billion of moist snuff (84.3 percent of total sales).

Tables 4A through 4D also indicate that moist snuff continued to receive the greatest advertising and promotional support in both 2009 and 2010. In 2009, the companies spent \$313.7 million on moist snuff. In 2010, they spent \$257.9 million advertising and promoting moist snuff, compared to \$21.4 million for loose leaf/chewing tobacco, \$500,592 for plug/twist, \$999,586 for scotch/dry snuff, and \$57.4 million for snus.

The companies also reported spending \$16.8 million in 2009 and \$14.0 million in 2009 on smokeless tobacco brands that encompass more than one type of product (*e.g.*, moist snuff and snus).¹¹ These amounts are included in the total set forth in Table 3G, but not in Tables 4A through 4E. Table 3G also includes amounts spent on smokeless tobacco products for which no product type classification was reported.

Tables 5A through 5D present details about the number of units sold in packages of various sizes for each type of smokeless tobacco product. For plug/twist, scotch/dry snuff, and moist snuff, more packages weighing 1 ounce to less than 2 ounces were sold in 2009 and 2010 than any other size. For loose leaf/chewing tobacco, more packages weighing 2 ounces to less than 5 ounces were sold in both years than any other size. More packages of snus weighing less than 1 ounce were sold in both 2009 and 2010 than any other size.

¹¹ 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 - 2006

| <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 |

TABLE 1A
TOTAL SMOKELESS TOBACCO SALES
AND ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR 2007 - 2010

| <u>Year</u> | <u>Sales in Pounds</u> | <u>Sales in Dollars</u> | <u>Advertising and Promotional Expenditures</u> |
|-------------|------------------------|-------------------------|---|
| 2007 | 118,234,763 | \$2,695,462,138 | \$411,309,000 |
| 2008 | 119,915,125 | \$2,757,087,244 | \$547,873,100 |
| 2009 | 117,693,273 | \$2,611,908,686 | \$492,104,100 |
| 2010 | 120,522,070 | \$2,780,437,133 | \$444,248,600 |

TABLE 2
NUMBER OF UNITS SOLD AND GIVEN AWAY – BY PACKAGE SIZE
FOR 2002 - 2010

| | | 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 |
| 2009 | sold | 121,886,357 | 1,098,116,188 | 125,774,684 | 4,696,041 | 511,174 | 2,917,282 |
| | given away | 5,670,008 | 12,050,068 | 9,903,059 | 252 | 9,726 | 1,012 |
| 2010 | sold | 165,174,728 | 1,148,099,256 | 111,399,859 | 4,791,115 | 1,193,327 | 3,087,246 |
| | given away | 4,195,615 | 5,991,661 | 9,985,116 | 144 | 10,794 | 246 |

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.

TABLE 3D

**SMOKELESS TOBACCO ADVERTISING AND PROMOTIONAL EXPENDITURES
BY CATEGORY
FOR 1992 - 1995**

| | 1992 | 1993 | 1994 | 1995 |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Newspapers | \$269,032 | \$274,738 | \$128,849 | \$142,562 |
| Magazines | \$9,258,297 | \$8,040,702 | \$10,261,201 | \$11,533,093 |
| Outdoor | \$694,388 | \$855,643 | \$1,112,524 | \$1,474,121 |
| Audio, Visual | \$0 | \$0 | \$0 | \$0 |
| Transit | \$0 | \$0 | \$0 | \$0 |
| Point-of-Sale | \$12,133,489 | \$13,465,302 | \$13,555,569 | \$15,170,713 |
| Promotional Allowances | \$11,397,882 | \$13,073,381 | \$10,244,241 | \$8,304,066 |
| Sampling | \$15,975,134 | \$15,794,391 | \$14,279,127 | \$15,748,393 |
| Distribution Bearing Names | \$2,609,348 | \$4,246,353 | \$10,368,596 | \$9,915,589 |
| Direct Mail | \$1,289,000 | \$1,099,000 | \$103,000 | \$253,000 |
| Public Entertainment | \$21,511,594 | \$22,912,765 | \$25,397,969 | \$26,749,679 |
| Endorsements | \$155,000 | \$215,000 | \$160,000 | \$160,000 |
| Coupons & Retail-value- added* | \$31,524,486 | \$32,297,431 | \$36,687,092 | \$33,701,379 |
| <u>All Other</u> | <u>\$8,529,058</u> | <u>\$6,956,120</u> | <u>\$3,674,240</u> | <u>\$4,170,687</u> |
| TOTAL | \$115,346,708 | \$119,230,826 | \$125,972,408 | \$127,323,282 |

| | | | | |
|--------------------------|--------------|--------------|--------------|--------------|
| Sports & Sporting Events | \$20,970,580 | \$22,742,986 | \$24,521,715 | \$25,863,187 |
|--------------------------|--------------|--------------|--------------|--------------|

* 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 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 2006-2010**

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Newspapers | N/A | N/A | N/A | N/A | N/A |
| Magazines | \$16,591,000 | \$13,913,173 | \$17,121,980 | \$7,866,333 | \$11,110,920 |
| Outdoor | \$166,000 | \$334,000 | \$219,000 | \$980,000 | \$386,000 |
| Audio, Visual | N/A | N/A | \$0 | \$0 | \$0 |
| Transit | \$0 | \$0 | \$0 | \$0 | \$0 |
| Direct Mail | \$9,574,000 | \$12,205,426 | \$7,578,568 | \$9,607,007 | \$8,891,589 |
| Point-of-Sale | \$20,824,000 | \$29,318,474 | \$55,294,980 | \$55,123,380 | \$45,547,830 |
| Price Discounts | \$203,692,000 | \$249,509,598 | \$324,647,400 | \$160,255,600 | \$94,994,150 |
| Promotional Allowances – Retailers | \$3,731,000 | \$5,349,323 | \$6,415,563 | \$24,106,440 | \$41,497,110 |
| Promotional Allowances – Wholesalers | \$9,047,000 | \$12,382,780 | \$18,577,976 | \$40,548,160 | \$51,253,070 |
| Promotional Allowances – Other | N/A | N/A | N/A | N/A | \$54,674 |
| Sampling | \$41,979,000 | \$35,113,367 | \$29,935,510 | \$39,720,340 | \$21,033,310 |
| Specialty Item Distribution – Branded | N/A | N/A | \$508,550 | N/A | N/A |
| Specialty Item Distribution – Non-Branded | \$34,000 | N/A | \$3,079,000 | \$13,505,000 | \$6,062,000 |
| Public Entertainment – Adult Only | \$0 | N/A | \$14,300,000 | \$22,263,000 | \$32,432,000 |
| Public Entertainment – General Audience | \$144,000 | N/A | N/A | N/A | N/A |
| Endorsements & Testimonials | N/A | N/A | N/A | N/A | \$0 |
| Sponsorships | N/A | \$10,462,200 | \$9,319,000 | \$10,505,000 | N/A |
| Coupons | \$16,133,000 | \$15,451,687 | \$29,473,550 | \$31,221,730 | \$34,490,620 |
| Retail-value-added – Bonus Smokeless Tobacco Product | \$12,047,000 | \$8,496,586 | \$10,464,260 | \$28,734,180 | \$44,144,000 |
| Retail-value-added – Non-Smokeless Tobacco Bonus | \$1,406,000 | \$626,122 | \$4,513,724 | \$2,504,308 | \$4,116,402 |
| Company Websites | \$891,000 | \$3,109,935 | \$2,084,642 | \$6,121,145 | \$8,524,455 |
| Social Media | -- | -- | -- | \$0 | \$0 |
| Internet – Other | \$944,000 | \$2,050,000 | \$2,538,000 | \$2,290,000 | \$1,344,000 |
| Telephone | N/A | N/A | \$0 | \$0 | \$0 |
| <u>All Others</u> | <u>\$16,920,000</u> | <u>\$12,917,397</u> | <u>\$11,802,426</u> | <u>\$36,752,410</u> | <u>\$38,367,468</u> |
| TOTAL | \$354,123,000 | \$411,239,067 | \$547,873,100 | \$492,104,100 | \$444,248,600 |
| Sports & Sporting Events | \$16,912,000 | \$17,903,200 | \$14,647,590 | \$15,191,000 | \$9,030,000 |

** Expenditures denoted “N/A” are included in the “All Others” category to avoid potential disclosure of individual company data.

TABLE 4A
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES
BY TOBACCO TYPE FOR 1986 - 2010
LOOSE LEAF/CHEWING TOBACCO

| <u>Year</u> | <u>Pounds Sold</u> | <u>Dollar Sales</u> | <u>Advertising and Promotional Expenditures</u> |
|-------------|--------------------|---------------------|---|
| 1986 | 65,697,634 | \$255,668,419 | \$32,249,750 |
| 1987 | 64,634,524 | \$267,766,776 | \$28,403,536 |
| 1988 | 60,648,126 | \$264,298,268 | \$26,198,078 |
| 1989 | 61,869,625 | \$281,701,402 | \$34,057,050 |
| 1990 | 60,896,991 | \$295,462,446 | \$35,194,561 |
| 1991 | 62,177,203 | \$321,458,416 | \$38,190,095 |
| 1992 | 58,850,933 | \$320,085,975 | \$42,820,544 |
| 1993 | 55,912,562 | \$319,672,867 | \$46,032,905 |
| 1994 | 54,242,322 | \$316,888,405 | \$44,807,716 |
| 1995 | 54,605,149 | \$323,156,639 | \$43,842,237 |
| 1996 | 54,204,655 | \$325,533,391 | \$36,387,774 |
| 1997 | 51,831,834 | \$330,903,053 | \$45,573,616 |
| 1998 | 46,887,918 | \$317,087,609 | \$26,780,236 |
| 1999 | 44,531,612 | \$278,670,311 | \$21,219,600 |
| 2000 | 44,077,019 | \$275,356,571 | \$15,592,978 |
| 2001 | 42,396,301 | \$278,982,298 | \$16,659,755 |
| 2002 | 40,703,148 | \$288,895,090 | \$17,211,000 |
| 2003 | 39,105,547 | \$294,705,352 | \$17,476,000 |
| 2004 | 39,183,779 | \$310,329,793 | \$18,218,000 |
| 2005 | 36,410,287 | \$307,026,071 | \$16,746,000 |
| 2006 | 34,692,990 | \$310,525,106 | \$18,910,000 |
| 2007 | 32,600,747 | \$310,662,579 | \$21,009,334 |
| 2008 | 30,128,176 | \$298,082,506 | \$24,024,138 |
| 2009 | 26,951,575 | \$298,444,031 | \$22,529,447 |
| 2010 | 24,700,060 | \$285,192,598 | \$21,424,534 |

TABLE 4B
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES
BY TOBACCO TYPE FOR 1986 - 2010
PLUG/TWIST CHEWING TOBACCO

| | <u>Pounds Sold</u> | <u>Dollar Sales</u> | <u>Advertising and Promotional Expenditures</u> |
|------|--------------------|---------------------|---|
| 1986 | 8,835,200 | \$44,870,900 | \$896,821 |
| 1987 | 8,351,803 | \$44,267,561 | \$559,597 |
| 1988 | 7,282,206 | \$40,429,972 | \$868,954 |
| 1989 | 6,308,415 | \$35,132,105 | \$1,787,775 |
| 1990 | 6,557,216 | \$41,316,133 | \$1,655,886 |
| 1991 | 5,913,172 | \$42,379,173 | \$1,326,216 |
| 1992 | 5,389,336 | \$42,625,799 | \$1,722,361 |
| 1993 | 4,778,107 | \$40,702,849 | \$1,367,877 |
| 1994 | 4,410,333 | \$39,102,541 | \$936,993 |
| 1995 | 4,156,158 | \$37,996,428 | \$1,032,856 |
| 1996 | 3,096,708 | \$29,469,575 | \$653,511 |
| 1997 | 2,800,859 | \$27,434,794 | \$682,887 |
| 1998 | 3,180,093 | \$33,610,369 | \$1,216,474 |
| 1999 | 2,824,198 | \$30,733,775 | \$1,583,271 |
| 2000 | 2,718,653 | \$26,905,139 | \$1,164,235 |
| 2001 | 2,543,800 | \$26,775,821 | \$1,284,627 |
| 2002 | 2,191,910 | \$28,178,852 | \$1,159,000 |
| 2003 | 2,023,068 | \$27,044,811 | \$179,000 |
| 2004 | 1,876,461 | \$27,059,654 | \$121,000 |
| 2005 | 1,712,921 | \$25,970,711 | \$72,000 |
| 2006 | 1,488,380 | \$24,830,985 | \$4,000 |
| 2007 | 1,371,114 | \$24,352,589 | \$8,330 |
| 2008 | 1,322,324 | \$24,122,598 | \$2,000 |
| 2009 | 1,037,946 | \$22,435,650 | \$515,734 |
| 2010 | 912,443 | \$20,978,572 | \$500,592 |

TABLE 4C
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES
BY TOBACCO TYPE FOR 1986 - 2010

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 |
| 2009 | 1,635,448 | \$48,481,932 | \$977,009 |
| 2010 | 1,498,125 | \$47,588,846 | \$999,586 |

TABLE 4D
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES
BY TOBACCO TYPE FOR 1986 - 2010

MOIST SNUFF

| | <u>Pounds Sold</u> | <u>Dollar Sales</u> | <u>Advertising and Promotional Expenditures</u> |
|------|--------------------|---------------------|---|
| 1986 | 36,135,332 | \$438,287,565 | \$43,348,158 |
| 1987 | 36,298,658 | \$483,973,268 | \$38,550,429 |
| 1988 | 39,433,696 | \$539,704,480 | \$40,655,096 |
| 1989 | 41,017,414 | \$602,647,971 | \$44,701,195 |
| 1990 | 43,775,709 | \$697,790,232 | \$52,778,476 |
| 1991 | 46,187,101 | \$817,242,793 | \$63,970,584 |
| 1992 | 48,509,020 | \$940,991,044 | \$70,449,029 |
| 1993 | 50,201,159 | \$1,060,781,973 | \$71,516,385 |
| 1994 | 52,028,416 | \$1,200,533,723 | \$79,955,661 |
| 1995 | 53,136,063 | \$1,320,802,382 | \$81,961,909 |
| 1996 | 54,884,154 | \$1,381,544,888 | \$86,398,835 |
| 1997 | 55,278,825 | \$1,404,444,279 | \$103,647,547 |
| 1998 | 56,186,478 | \$1,482,337,489 | \$117,334,705 |
| 1999 | 58,472,906 | \$1,578,102,586 | \$147,349,374 |
| 2000 | 61,481,958 | \$1,632,408,551 | \$207,770,666 |
| 2001 | 63,888,848 | \$1,765,423,249 | \$218,663,983 |
| 2002 | 66,176,208 | \$1,988,748,212 | \$209,278,000 |
| 2003 | 68,942,374 | \$2,111,664,009 | \$211,070,000 |
| 2004 | 73,052,096 | \$2,225,327,215 | \$194,396,000 |
| 2005 | 75,670,894 | \$2,225,309,220 | \$210,430,000 |
| 2006 | 77,437,057 | \$2,206,085,179 | \$308,456,000 |
| 2007 | 82,236,628 | \$2,306,606,093 | \$350,621,243 |
| 2008 | 84,014,810 | \$2,377,001,759 | \$287,315,149 |
| 2009 | 87,582,722 | \$2,192,418,669 | \$313,710,617 |
| 2010 | 92,591,210 | \$2,344,536,640 | \$257,879,187 |

TABLE 4E
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES
BY TOBACCO TYPE FOR 2008 - 2010

SNUS

| | <u>Pounds Sold</u> | <u>Dollar Sales</u> | Advertising and <u>Promotional Expenditures</u> |
|------|--------------------|---------------------|--|
| 2008 | 170,527 | \$9,148,659 | \$58,763,000 |
| 2009 | 482,909 | \$49,807,528 | \$106,415,066 |
| 2010 | 818,913 | \$81,786,519 | \$57,394,000 |

TABLE 5A**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2002 - 2010****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 |
| 2009 | 0 | 237,408 | 119,369,974 | 3,967,490 | 0 | 2,884,625 |
| 2010 | 0 | 229,811 | 105,990,232 | 4,161,772 | 0 | 3,073,317 |

TABLE 5B

**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2002 - 2010**

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 |
| 2009 | 170,808 | 4,623,964 | 3,599,939 | 0 | 0 | 2,001 |
| 2010 | 37,932 | 4,080,855 | 3,150,940 | 0 | 0 | 616 |

TABLE 5C

**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2002 - 2010**

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 |
| 2009 | 535,212 | 9,470,599 | 2,254,555 | 728,551 | (1) | 18,411 |
| 2010 | 245,548 | 8,927,259 | 2,116,879 | 629,343 | 0 | 9,955 |

TABLE 5D

**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2002 - 2010**

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 |
| 2009 | 89,001,023 | 1,083,725,965 | 550,216 | 0 | 511,175 | 12,245 |
| 2010 | 103,531,063 | 1,134,785,681 | 141,808 | 0 | 1,193,327 | 3,358 |

TABLE 5E

**NUMBER OF UNITS SOLD – BY PACKAGE SIZE
FOR 2008 - 2010**

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 |
| 2009 | 31,838,153 | 58,252 | 0 | 0 | 0 | 0 |
| 2010 | 61,204,305 | 75,650 | 0 | 0 | 0 | 0 |

APPENDIX

2009 and 2010 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 public vehicles and all advertisements placed at, on, or within any bus stop, taxi stand, transportation waiting area, train station, airport, or any other transportation facility; but excluding expenditures in connection with sampling, specialty item distribution, public entertainment, endorsements, sponsorships, coupons, and retail-value-added.

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

Point-of-Sale: Point-of-sale advertisements; but excluding expenditures in connection with outdoor advertising, sampling, specialty item distribution, public entertainment, endorsements, sponsorships, coupons, and retail-value-added.

Price Discounts: Price discounts paid to smokeless tobacco retailers or wholesalers in order to reduce the price of smokeless tobacco to consumers, including off-invoice discounts, buy downs, voluntary price reductions, and trade programs; but excluding retail-value-added expenditures for promotions involving free smokeless tobacco and expenditures involving coupons.

Promotional Allowances – Retail: Promotional allowances paid to smokeless tobacco retailers in order to facilitate the sale or placement of any smokeless tobacco product, including payments for stocking, shelving, displaying and merchandising brands, volume rebates, incentive payments, and the cost of smokeless tobacco product given for free to retailers for subsequent sale to consumers; but excluding expenditures in connection with newspapers, magazines, outdoor, audio-visual, transit, direct mail, point-of-sale, and price discounts.

Promotional Allowances – Wholesale: Promotional allowances paid to smokeless tobacco wholesalers in order to facilitate the sale or placement of any smokeless tobacco product, including payments for volume rebates, incentive payments, value added services, promotional execution and satisfaction of reporting requirements; but excluding expenditures in connection with newspapers, magazines, outdoor, audio-visual, transit, direct mail, point-of-sale, price discounts, and retail promotional allowances.

Promotional Allowances – Other: Promotional allowances paid to any persons other than retailers, wholesalers, and full-time company employees who are involved in the smokeless tobacco distribution and sales process in order to facilitate the sale or placement of any smokeless tobacco product; but excluding expenditures in connection with newspapers, magazines, outdoor, audio-visual, transit, direct mail, point-of-sale, price discounts, and retail and wholesale promotional allowances.

Sampling: Sampling of smokeless tobacco products, including the cost of the smokeless tobacco, all associated excise taxes, and the costs of organizing, promoting, and conducting sampling. Sampling includes the distribution of smokeless tobacco products for consumer testing or evaluation when consumers are able to use the smokeless tobacco outside of a facility owned or operated by the Company, but not the cost of actual clinical testing or market research associated with such smokeless tobacco distributions. Sampling also includes the distribution of coupons for free smokeless tobacco, when no purchase or payment is required to obtain the coupons or the smokeless tobacco product.

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 are considered to be sampling and not couponing.

Retail-value-added – Bonus Smokeless Tobacco: Retail-value-added expenditures for promotions involving free smokeless tobacco products (*e.g.*, buy two, get one free), whether or not the free smokeless tobacco products are physically bundled together with the purchased smokeless tobacco products, including all expenditures and costs associated with the value added to the purchase of smokeless tobacco products (*e.g.*, excise taxes paid for the free smokeless tobacco product).

Retail-value-added – Non-Smokeless Tobacco Bonus: Retail-value-added expenditures for promotions involving free non-smokeless tobacco items (*e.g.*, buy two packs, get free key chain), including all expenditures and costs associated with the value added to the purchase of smokeless tobacco products.

Company Website: All expenditures associated with advertising on any company Internet website that can be accessed by computers located in the United States.

Internet – Other: Internet advertising other than on the Company's own Internet website, including on the World Wide Web, on commercial on-line services, and through electronic mail messages; but excluding social media marketing.

Telephone: Telephone advertising, including costs associated with the placement of telemarketing calls or the operation of incoming telephone lines that allow consumers to participate in any promotion or hear pre-recorded product messages; but excluding costs associated with having customer service representatives available for responding to consumer complaints or questions.

Social Media Marketing: All expenditures for social media marketing on Web sites or other online services or communities, including but not limited to social networking sites, microblogging sites, content-sharing sites, and blogs.

All Other: Advertising and promotional expenditures not covered by another category.

Sports and Sporting Events: All costs associated with sponsoring, advertising, or promotion of sports or sporting events, including football, weight lifting, sailing, rodeo, automobile, race car, funny car, motorcycle, bicycle, truck, monster truck, tractor-pull, fishing, and hunting events, competitions, tournaments, and races. This category is deductible of expenditures for other categories.