Federal Trade Commission Smokeless Tobacco Report for 2012

ISSUED: 2015

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 orders, from the parent companies of the major manufacturers of smokeless tobacco products in the United States: Altria Group, Inc.; North Atlantic Trading Company, Inc.; Reynolds American, Inc.; Swedish Match North America, Inc.; and Swisher International Group, Inc.

II. TOTAL SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES

Tables 1 and 1A show total smokeless tobacco sales and advertising expenditures from 1985 through 2012. Table 1A shows that the total amount of smokeless tobacco sold by manufacturers to wholesalers and retailers rose from 122.74 million pounds in 2011 to 125.50 million pounds in 2012. Sales revenues received by the manufacturers from wholesalers and retailers also rose, increasing from $2.937 billion in 2011 to $3.077 billion in 2012.[2]

The manufacturers spent a total of $435.7 million on advertising and promotion in 2012, down from the $451.7 million spent in 2011.

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[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] The sales revenue and advertising and promotion expenditure figures contained in this report are in nominal dollars and have not been adjusted for inflation.

Tables 2 and 2A show the number of units of smokeless tobacco the companies sold and gave away in packages of various sizes (*e.g.*, less than 1 ounce; 1 ounce to less than 2 ounces; 2 ounces to less than 5 ounces). In 2012 – 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. However, more packages weighing 2 ounces to less than 5 ounces were given away in 2012 than any other size package.

III. SMOKELESS TOBACCO ADVERTISING AND PROMOTIONAL EXPENDITURES BY CATEGORY[3]

Table 3H shows the companies' advertising and promotional expenditures for 2011 and 2012. Magazine advertising increased from $4.9 million in 2011 to $11.5 million in 2012.[4] Spending on outdoor advertising rose from $545,000 to $624,366 during the same period.[5] The companies reported 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.

[3] 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 3H 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 separately identifying the amounts spent on social media marketing or to reduce youth use of smokeless tobacco products.

[4] Since 2002, 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.

[5] 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.

In 2012, the companies reported spending $8.6 million on direct mail advertising, up from the $7.5 million spent in 2011. Point-of-sale advertising declined from $32.3 million in 2011 to $31.7 million in 2012.

The companies reported spending $212.1 million on price discounts (payments made to retailers or wholesalers in order to reduce the price of smokeless tobacco to consumers) in 2012, up from $168.8 million in 2011. Price discounts remained the single largest expenditure category – as they have been every year this expenditure category has been reported – accounting for 48.7 percent of total 2012 spending (up from 37.4 percent in 2011).

Spending on promotional allowances (intended to facilitate the sale or placement of smokeless tobacco) paid to smokeless tobacco retailers and wholesalers declined from their 2011 levels of $33.2 million (retailers), and $50.5 million (wholesalers), respectively. In 2012, the companies spent $22.3 million on promotional allowances paid to retailers and $41.5 million on allowances paid to wholesalers. They also reported spending $69,000 on promotional allowances paid to persons other than retailers and wholesalers, down from $675,000 spent in 2011.

When these four promotional allowance categories (including price discounts) are combined, they account for 63.3 percent of total 2012 spending, up from 56.1 percent of total 2011 spending.

The companies reported spending $9.3 million in 2012 to give smokeless tobacco samples to the public ("sampling").[6] In 2011, they reported spending $7.3 million on sampling.

[6] The Commission's definitions of "sampling" and "coupons" provide 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."

The specialty item distribution category[7] has two sub-categories: branded and non-branded. In 2011, $25.8 million was spent on non-branded items; that figure declined to $7.7 million in 2012. The companies reported no spending on branded specialty items in 2012; the Commission did not separately report spending on these items in 2011.

Expenditures for public entertainment in adult-only facilities (*e.g.*, bar nights or concerts) declined from $38.2 million in 2011 to $22.0 million in 2012. As in 2011, the companies reported no spending on general-audience public entertainment in 2012.

The companies reported coupon expenditures of $37.0 million in 2012; in 2011, they spent $37.5 million on coupons.

Retail-value-added expenditures are the costs associated with offers such as Abuy one, get one free@ and Abuy three, get a free T-shirt,@ where the bonus item is distributed at retail when the smokeless tobacco is purchased. The retail-value-added category is broken into two subcategories – one in which the bonus item is additional smokeless tobacco and one in which the bonus item is something other than smokeless tobacco. In 2011, the companies spent $8.6 million on retail-value-added involving free smokeless tobacco products; in 2012, they spent $7.6 million. The companies reported no spending in 2012 on retail-value-added involving free non-smokeless tobacco items; the Commission did not separately report the amount spent in 2011 on these items.

In 2011, the companies reported spending $3.2 million for advertising on their websites and $2.4 million on Internet advertising other than on their own websites. In 2012, those figures were $3.3 million and $669,000, respectively.

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[7] This expenditure category covers items (such as T-shirts, caps, key chains, 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 compulsory process orders issued by the Commission in 2011 (seeking 2009 and 2010 data) and thereafter have asked the companies to report spending on "social media marketing on Web sites [sic] or other online services or communities, including but not limited to social networking sites, microblogging sites, content-sharing sites, and blogs." The Commission is not separately publishing the amount reported for 2012, the first year that any company has indicated that it spent money for this purpose, because only one company reported spending in that category.

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 also is 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 also are reported as "sports and sporting events." These expenditures are counted only once, however, in computing the industry's total advertising and promotional expenditures. Expenditures for sports and sporting events, which had been as high as $15.2 million in 2009 (*see* Table 3G), were $1.8 million in 2012.

[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.

Only one company reported spending money in 2012 on ads directed to youth or their parents that were intended to reduce youth use of smokeless tobacco products. The Commission is not disclosing the amount spent by this company.[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 2012, or paid money or any other form of compensation to anyone engaged in product placement in motion pictures or television shows. 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. Most of the companies reported that neither they nor anyone working for or on their behalf engaged in social media marketing that promoted any smokeless tobacco brand or variety or used smokeless tobacco brand imagery; one company reported having Facebook and Twitter pages for one brand of its product. One company also reported having video advertising on a website restricted to age-verified tobacco users 21 or older and allowing the posting of user-generated content on that restricted website.

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. Since 2008, the Commission also has required the companies to provide data for snus and dissolvable smokeless tobacco products. Tables 4A through 4E

[9] These expenditures are not included in the figures reported in Table 3H (advertising and promotional expenditures by category).

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 2011 to 2012, continuing the declines seen in recent years. In contrast, snus sales rose in 2012, as did the number of pounds of moist snuff sold. Moist snuff sales (*see* Tables 4D-1 and 4D-2) have risen every year since the Commission first issued its smokeless tobacco reports, and in 2012, the number of pounds of moist snuff sold again 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 2012, sales of moist stuff were $2.645 billion, representing 85.9 percent of total smokeless tobacco sales.

Tables 4A through 4E also indicate that moist snuff continued to receive the greatest advertising and promotional support. In 2012, the companies spent $345.4 million promoting moist snuff, compared to $13.1 million for loose leaf/chewing tobacco, $292,454 for plug/twist, $609,574 for scotch/dry snuff, and $55.6 million for snus.

The companies also reported spending $12.5 million in 2012 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 3H, but not in Tables 4A through 4E. Table

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

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

3H also includes amounts spent on smokeless tobacco products for which no product type classification was reported.

Tables 5A through 5E 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 2012 than any other size. For loose leaf/chewing tobacco, more packages weighing 2 ounces to less than 5 ounces were sold in 2012 than any other size. More packages of snus weighing less than 1 ounce were sold in 2012 than any other size.

TABLE 1
TOTAL SMOKELESS TOBACCO SALES
AND ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR 1985 – 2006

Year	Sales in Pounds	Sales in Dollars	Advertising and Promotional Expenditures
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 – 2012

Year	Sales in Pounds	Sales in Dollars	Advertising and Promotional Expenditures
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
2011	122,735,863	$2,936,852,337	$451,723,102
2012	125,496,642	$3,077,403,248	$435,672,090

TABLE 2
NUMBER OF UNITS SOLD AND GIVEN AWAY B 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 2A
NUMBER OF UNITS SOLD AND GIVEN AWAY B BY PACKAGE SIZE
FOR 2011-2012

		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
2011	sold	167,129,086	1,188,545,083	101,448,909	4,632,388	1,618,546	3,125,666
	given away	1,007,789	753,278	9,243,150	245	1,560	72
2012	sold	198,158,371	1,219,926,468	93,005,883	4,115,671	2,544,526	3,383,934
	given away	503,943	214,357	8,342,400	48	612	48

TABLE 3A

SMOKELESS TOBACCO ADVERTISING AND PROMOTIONAL EXPENDITURES BY CATEGORY FOR 1985

Television & Radio Advertising	$26,584,731
Total Print	$8,719,379
All Other	$44,764,119
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
All Other	$5,655,458	$2,092,477
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
All Other	$3,463,919	$3,220,210	$2,729,768	$2,591,135
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
All Other	$8,529,058	$6,956,120	$3,674,240	$4,170,687
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
All Other	$4,397,683	$5,059,097	$5,980,656	$7,322,203	$5,336,176	$6,699,919
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 B Retailers	$3,245,000	$5,103,000	$4,285,000	$3,406,000
Promotional Allowances B Wholesalers	$16,755,000	$12,632,000	$11,222,000	$12,550,000
Promotional Allowances B 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 B Branded	$419,000	$45,000	$22,000	$119,000
Specialty Item Distribution B Non-Branded	$0	$0	$0	$36,000
Public Entertainment B Adult Only	$0	$0	$7,000	$73,000
Public Entertainment B 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 B Bonus Smokeless Tobacco Product	$13,686,000	$16,004,000	$14,950,000	$9,310,000
Retail-value-added B 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 B Other	$54,000	$25,000	$16,000	$413,000
Telephone	$169,000	$374,000	$231,000	$120,000
All Other	$4,480,000	$6,832,000	$9,006,000	$8,011,000
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 B Retailers	$3,731,000	$5,349,323	$6,415,563	$24,106,440	$41,497,110
Promotional Allowances B Wholesalers	$9,047,000	$12,382,780	$18,577,976	$40,548,160	$51,253,070
Promotional Allowances B 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 B Branded	N/A	N/A	$508,550	N/A	N/A
Specialty Item Distribution B Non-Branded	$34,000	N/A	$3,079,000	$13,505,000	$6,062,000
Public Entertainment B Adult Only	$0	N/A	$14,300,000	$22,263,000	$32,432,000
Public Entertainment B 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 B Bonus Smokeless Tobacco Product	$12,047,000	$8,496,586	$10,464,260	$28,734,180	$44,144,000
Retail-value-added B 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	B B	B B	B B	$0	$0
Internet B Other	$944,000	$2,050,000	$2,538,000	$2,290,000	$1,344,000
Telephone	N/A	N/A	$0	$0	$0
All Others	$16,920,000	$12,917,397	$11,802,426	$36,752,410	$38,367,468
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 3H
SMOKELESS TOBACCO ADVERTISING AND PROMOTIONAL EXPENDITURES BY CATEGORY FOR 2011-2012*

	2011	2012
Newspapers	N/A	$228,500
Magazines	$4,857,868	$11,532,832
Outdoor	$545,000	$624,366
Audio, Visual	$0	$0
Transit	$0	$0
Direct Mail	$7,464,522	$8,595,725
Point-of-Sale	$32,313,276	$31,710,979
Price Discounts	$168,832,191	$212,057,800
Promotional Allowances B Retailers	$33,228,725	$22,333,820
Promotional Allowances B Wholesalers	$50,469,256	$41,493,360
Promotional Allowances B Other	$675,000	$69,000
Sampling	$7,347,529	$9,298,000
Specialty Item Distribution B Branded	N/A	$0
Specialty Item Distribution B Non-Branded	$25,796,374	$7,745,629
Public Entertainment B Adult Only	$38,242,457	$21,959,200
Public Entertainment B General Audience	$0	$0
Endorsements & Testimonials	$0	$0
Sponsorships	$0	$0
Coupons	$37,547,137	$36,968,837
Retail-value-added B Bonus Smokeless Tobacco Product	$8,614,000	$7,645,000
Retail-value-added B Non-Smokeless Tobacco Bonus	N/A	$0
Company Websites	$3,246,535	$3,319,618
Social Media	$0	N/A
Internet B Other	$2,415,000	$669,000
Telephone	$0	$0
All Others	$30,128,232	$19,420,399
TOTAL	**$451,723,102**	**$435,672,090**
Sports & Sporting Events	$3,443,000	$1,829,000

* Expenditures denoted AN/A@ are included in the AAll Others@ category to avoid potential disclosure of individual company data.

TABLE 4A-1
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE FOR 1986-2010
LOOSE LEAF/CHEWING TOBACCO

Year	Pounds Sold	Dollar Sales	Advertising and Promotional Expenditures
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 4A-2
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE FOR 2011-2012
LOOSE LEAF/CHEWING TOBACCO

Year	Pounds Sold	Dollar Sales	Advertising and Promotional Expenditures
2011	22,938,455	$278,921,115	$15,387,136
2012	21,545,211	$270,922,520	$13,114,849

TABLE 4B-1
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE FOR 1986-2010
PLUG/TWIST CHEWING TOBACCO

	Pounds Sold	Dollar Sales	Advertising and Promotional Expenditures
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 4B-2
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE FOR 2011-2012
PLUG/TWIST CHEWING TOBACCO

	Pounds Sold	Dollar Sales	Advertising and Promotional Expenditures
2011	821,222	$20,082,358	$473,608
2012	725,112	$18,846,534	$292,454

TABLE 4C-1
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE FOR 1986-2010
SCOTCH/DRY SNUFF

	Pounds Sold	Dollar Sales	Advertising and Promotional Expenditures
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 4C-2
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE FOR 2011-2012
SCOTCH/DRY SNUFF

	Pounds Sold	Dollar Sales	Advertising and Promotional Expenditures
2011	1,367,535	$46,545,268	$954,360
2012	1,222,027	$43,621,088	$609,574

TABLE 4D-1
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE FOR 1986 - 2010
MOIST SNUFF

	Pounds Sold	Dollar Sales	Advertising and Promotional Expenditures
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 4D-2
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE FOR 2011-2012
MOIST SNUFF

	Pounds Sold	Dollar Sales	Advertising and Promotional Expenditures
2011	96,555,072	$2,513,178,807	$305,791,199
2012	100,711,669	$2,644,719,348	$345,419,989

TABLE 4E
SMOKELESS TOBACCO SALES AND ADVERTISING AND PROMOTIONAL EXPENDITURES BY TOBACCO TYPE FOR 2008-2012
SNUS

	Pounds Sold	Dollar Sales	Advertising and Promotional Expenditures
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
2011	1,052,675	$77,999,446	$13,703,000
2012	1,291,182	$99,104,325	$55,592,990

TABLE 5A

NUMBER OF UNITS SOLD B BY PACKAGE SIZE FOR 2002-2012

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
2011	0	206,628	96,674,759	4,073,250	0	3,125,682
2012	0	171,483	88,422,555	3,868,324	0	3,383,938

TABLE 5B

NUMBER OF UNITS SOLD B BY PACKAGE SIZE FOR 2002-2012

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
2011	0	3,652,275	2,847,632	0	0	0
2012	0	3,303,543	2,461,582	0	0	0

TABLE 5C

NUMBER OF UNITS SOLD B BY PACKAGE SIZE FOR 2002-2012

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
2011	59,235	8,400,578	1,964,342	559,138	0	(16)
2012	1,950	7,919,271	1,958,110	247,347	0	(4)

TABLE 5D

NUMBER OF UNITS SOLD B BY PACKAGE SIZE
FOR 2002-2012

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
2011	121,589,821	1,176,205,839	(37,824)	0	1,618,546	0
2012	140,723,199	1,208,434,824	163,636	0	2,544,526	0

TABLE 5E

NUMBER OF UNITS SOLD B BY PACKAGE SIZE
FOR 2008-2012

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
2011	45,384,110	79,763	0	0	0	0
2012	57,288,162	97,347	0	0	0	0

APPENDIX

2012 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 B 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 B 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 duplicative of expenditures for other categories.