

UST INC
Form 424B3
November 20, 2002

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Filed pursuant to Rule 424 (b)(3)
Registration No. 333-101036

PROSPECTUS

[UST LOGO]

**Offer to Exchange \$600,000,000 6.625% Senior Notes due July 15, 2012 for \$600,000,000
6.625% Senior Notes due July 15, 2012, Which Have Been Registered Under
the Securities Act of 1933, of**

UST Inc.

**The Exchange Offer will expire at 5:00 P.M., New York City Time,
on December 20, 2002, unless extended.**

Terms of the exchange offer:

The exchange notes are being registered with the Securities and Exchange Commission and are being offered in exchange for the original notes that were previously issued in an offering exempt from the Securities and Exchange Commission's registration requirements. The terms of the exchange offer are summarized below and more fully described in this prospectus.

We will exchange all original notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.

You may withdraw tenders of original notes at any time prior to the expiration of the exchange offer.

We believe that the exchange of original notes will not be a taxable event for United States federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the exchange notes are substantially identical to the original notes, except that the exchange notes are registered under the Securities Act and the transfer restrictions and registration rights applicable to the original notes do not apply to the exchange notes.

There is no existing market for the exchange notes to be issued, and we do not intend to apply for their listing on any securities exchange.

See Risk Factors beginning on page 8 for a discussion of the risks that should be considered by holders prior to tendering their original notes.

Principal Amount	Annual Interest	Final Distribution Date
\$600,000,000	6.625%	July 15, 2012

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 20, 2002.

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus. You must not rely on any unauthorized information or representations. This prospectus does not offer to sell or ask for offers to buy any securities other than those to which this prospectus relates and it does not constitute an offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities. The information contained in this prospectus speaks only as of the date of this prospectus unless the information indicates that another date applies.

Until February 18, 2003, all dealers that effect transactions in these securities, whether or not participating in this exchange offer, may be required to deliver a prospectus.

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AVAILABLE INFORMATION

UST is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act). In accordance with the Exchange Act, we file reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. Such reports, proxy statements and other information can be read and copies obtained at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's regional office located at Suite 1400, Northwestern Atrium Center, 500 West Madison Street, Chicago, Illinois 60661. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including us. In addition, our common stock is listed on the New York Stock Exchange and the Pacific Exchange, Inc. and copies of the materials mentioned can be obtained from them.

You may obtain a copy of any or all of the documents summarized in this prospectus or incorporated by reference in this prospectus, without charge, by request directed to UST Inc., 100 West Putnam Avenue, Greenwich, Connecticut 06830, Attention: Debra Baker, Senior Vice President and Secretary, telephone (203) 661-1100.

UST has agreed that, if it is not subject to the informational requirements of Sections 13 or 15(d) of the Exchange Act, it will furnish to holders and beneficial owners of the notes and to prospective purchasers designated by such holders the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended (the Securities Act), to permit compliance with Rule 144A in connection with resales of the notes.

We have incorporated by reference certain documents that we file with the SEC. This means that we are disclosing important information to you by referring you to those documents. You should be aware that information in a document incorporated by reference may have been modified or superseded by information that is included in other documents that were filed at a later date and which are also incorporated by reference or included in this prospectus.

We incorporate by reference the documents listed below that we have filed with the SEC:

Annual Report on Form 10-K for the year ended December 31, 2001;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2002;

Quarterly Report on Form 10-Q for the quarter ended June 30, 2002;

Quarterly Report on Form 10-Q for the quarter ended September 30, 2002;

Current Report on Form 8-K dated July 9, 2002 and filed on July 16, 2002; and

Current Report on Form 8-K dated August 7, 2002 and filed on August 8, 2002.

All reports and other documents we subsequently file pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act shall be deemed to be incorporated by reference into this prospectus and to be part of this prospectus from the date we subsequently file such reports and documents.

You may request a copy of any of the documents which are incorporated by reference in this prospectus, other than exhibits which are not specifically incorporated by reference into such documents and our certificate of incorporation and by-laws, at no cost, by writing or telephoning UST at the following:

UST Inc.
100 West Putnam Avenue
Greenwich, Connecticut 06830
Telephone: (203) 661-1100
Attention: Secretary

In order to obtain timely delivery, you must request this information no later than 5 business days before you make your investment decision.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking information made on behalf of UST. All statements, other than statements of historical facts, which address activities, actions or new brand introductions that we expect or anticipate will or may occur in the future, including such things as expansion and growth of our operations and other such matters, are forward-looking statements. To take advantage of the safe harbor, we are identifying certain factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by us.

Any one, or a combination, of these factors could materially affect the results of our operations. These factors include:

competitive pressures;

changes in adult consumer preferences;

wholesaler ordering patterns;

consumer acceptance of new product introductions and other marketing initiatives;

uncertainties associated with ongoing and future litigation;

higher than anticipated capital expenditures or operating costs;

higher raw material costs;

increased excise taxes;

legal and regulatory initiatives; and

conditions in the capital markets.

Forward-looking statements made by us are based on our knowledge of our business and the environment in which we operate, but because of the factors listed above, as well as other factors beyond our control, actual results may differ from those in the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. We will not update these forward-looking statements even though our situation will change in the future.

TRADEMARKS AND TRADE NAMES

We own or have rights to trademarks or trade names that we use in conjunction with the operation of our business. Our proprietary trademarks include COPENHAGEN, SKOAL LONG CUT, SKOAL, COPENHAGEN LONG CUT, SKOAL BANDITS, RED SEAL, ROOSTER, REVEL, BRUTON, C.C., DEVOE, CHATEAU STE. MICHELLE, COLUMBIA CREST, VILLA MT. EDEN, DOMAINE STE. MICHELLE, CONN CREEK, DON TOMÁS, ASTRAL and HELIX. In addition, our logo and certain brand names of our products mentioned in this prospectus are our service marks or trademarks. Each trademark, trade name or service mark by any other company appearing in this prospectus belongs to its holder.

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PROSPECTUS SUMMARY

The following summary highlights selected information from this prospectus and may not contain all of the information that is important to you. This prospectus includes the basic terms of the exchange notes we are offering, as well as information regarding our business and detailed financial data. We encourage you to read this prospectus in its entirety. You should pay special attention to the Risk Factors section beginning on page 8 of this prospectus. References in this prospectus to UST, we, our, ours, and us refer to UST Inc. and our subsidiaries.

About UST

UST Inc. is a holding company for its wholly-owned subsidiaries: U.S. Smokeless Tobacco Company (USSTC) and International Wine & Spirits Ltd. UST, through its subsidiaries, is the world's largest manufacturer and marketer of moist smokeless tobacco products including COPENHAGEN, SKOAL, RED SEAL and ROOSTER. Other consumer products that we produce and market include premium wines sold nationally through the CHATEAU STE. MICHELLE and COLUMBIA CREST wineries, as well as sparkling wine produced under the DOMAINE STE. MICHELLE label and premium cigars including ASTRAL and DON TOMÁS. For the year ended December 31, 2001, our consolidated net sales were \$1.626 billion and our consolidated earnings before interest, taxes, depreciation and amortization were \$876.2 million. For the nine months ended September 30, 2002, our net sales were \$1.259 billion.

Our operating segments are smokeless tobacco and wine. Our international and cigar operations are not material to our consolidated financial position. In 2001, the smokeless tobacco segment had net sales of \$1.406 billion, an increase of 7.9% from 2000, and accounted for 86.5% of our consolidated net sales. For the nine month period ended September 30, 2002, the smokeless tobacco segment had net sales of \$1.089 billion, an increase of 5.3% over the corresponding 2001 period. In 2001, wine segment net sales increased 8.2% to \$188.9 million, while all other net sales were \$30.7 million. For the first nine months of 2002, wine segment net sales increased 8.8% to \$145.5 million, while all other net sales increased 8.8% to \$24.7 million.

Originally incorporated in 1911, United States Tobacco Company (now known as U.S. Smokeless Tobacco Company) became a wholly-owned subsidiary of UST in 1987. UST was formed in 1986 as the holding company for United States Tobacco Company and three additional wholly-owned subsidiaries: International Wine & Spirits Ltd., UST Enterprises Inc. and UST International Inc. Our principal executive offices are located at 100 West Putnam Avenue, Greenwich, Connecticut 06830, and our telephone number is (203) 661-1100.

Recent Developments

On March 28, 2000, a Kentucky jury rendered a verdict against us, awarding \$350 million in compensatory damages to Conwood Company, L.P., for its claims under federal antitrust laws. After trebling under the federal antitrust laws, the judgment was \$1.05 billion plus interest and other costs. On May 15, 2002, a three-judge panel of the U.S. Court of Appeals for the Sixth Circuit upheld the lower court's judgment in favor of Conwood. The Sixth Circuit denied our petition for rehearing, but subsequently granted our petition for a stay of judgment until such time as the United States Supreme Court rules on whether it will hear the case on appeal. On August 7, 2002, we deposited an additional \$710 million into the qualified settlement fund, which had previously been established, using a portion of the net proceeds from the original notes issued on July 15, 2002, together with funds held in a restricted collateral account and operating cash, for this deposit. Subsequent to our funding fully the U.S. District Court-administered qualified settlement fund, the U.S. District Court released us from complying with restrictions on stock repurchases, and we were able to resume our stock repurchase program on August 13, 2002. The financial effects of this judgment will be recognized if the appeal process is not successful and could have a material adverse effect on our results of operations in that period, but is not expected to have a material adverse effect on our financial condition or liquidity.

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In July 2002, we entered into a \$300 million unsecured line of credit with various financial institutions, which replaced our \$1 billion senior secured credit facility, for use primarily to support commercial paper borrowings. The new credit line consists of a \$150 million 364-day credit facility and a \$150 million three-year revolving credit facility. A portion of the net proceeds from the original notes issued on July 15, 2002 in the amount of \$325.8 million was used to repay outstanding loans and prepayment penalties under the \$1 billion credit facility. On July 15, 2002, we terminated the \$1 billion credit facility.

On February 5, 2002, we submitted to the Federal Trade Commission (FTC) a request for guidance as to communicating in our advertising the fact that there is (1) considerable agreement in the scientific community that the use of smokeless tobacco involves significantly less risk of adverse health effects than smoking cigarettes, and (2) a growing number of researchers advocate that cigarette smokers who do not quit should switch to smokeless tobacco products. The request was submitted in the context of the growing debate in the public health community regarding tobacco harm reduction and the role of smokeless tobacco as part of that strategy. Many proponents of this harm reduction strategy point to Sweden, which has the highest per capita usage of smokeless tobacco in the world, has met the World Health Organization 's target of reducing smoking prevalence to 20% of the population, and some researchers link the low rate of tobacco-related mortality to its high prevalence of smokeless tobacco. The FTC placed our request on the public record for comments, and submissions have been made both in support and against our request. We temporarily withdrew our request in order to supplement the submission with materials from international scientific conferences in Sweden and Spain, among others, all of which included in the respective agendas the subject of tobacco harm reduction and the role of smokeless tobacco as part of a public health strategy. We have not yet decided when to resubmit our request.

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Summary of the Exchange Offer

On July 15, 2002, we issued and sold \$600,000,000 aggregate principal amount of 6.625% Senior Notes due July 15, 2012 in a transaction exempt from the registration requirements of the Securities Act. As part of that offering, we entered into an exchange and registration rights agreement with the initial purchasers of these original notes in which we agreed, among other things, to deliver this prospectus to you and to commence this exchange offer. Below is a summary of the exchange offer:

Securities Offered	Up to \$600,000,000 aggregate principal amount of new 6.625% Senior Notes due July 15, 2012, which have been registered under the Securities Act. The form and terms of these exchange notes are identical in all material respects to those of the original notes. The exchange notes, however, will not contain transfer restrictions, registration rights and liquidated damages applicable to the original notes.
The Exchange Offer	<p>We are offering to exchange new \$1,000 principal amount of our 6.625% Senior Notes due July 15, 2012, which have been registered under the Securities Act, for \$1,000 principal amount of our outstanding 6.625% Senior Notes due July 15, 2012.</p> <p>In order to be exchanged, an original note must be properly tendered and accepted. All original notes that are validly tendered and not withdrawn will be exchanged. As of the date of this prospectus, there are \$600,000,000 principal amount of original notes outstanding. We will issue exchange notes promptly after the expiration of the exchange offer.</p>
Resales	<p>Based on interpretations by the staff of the SEC, as detailed in a series of no-action letters issued to third parties, we believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:</p> <ul style="list-style-type: none">you are acquiring the exchange notes in the ordinary course of your business;you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate, in a distribution of the exchange notes; andyou are not an affiliate of ours. <p>If you are an affiliate of ours, are engaged in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the exchange notes:</p> <ul style="list-style-type: none">(1) you cannot rely on the applicable interpretations of the staff of the SEC; and(2) you must comply with the registration requirements of the Securities Act in connection with any resale transaction. <p>Each broker or dealer that receives exchange notes for its own account in exchange for original notes that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer to resell, resale, or other transfer of the exchange notes issued in the exchange offer,</p>

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including the delivery of a prospectus that contains information with respect to any selling holder required by the Securities Act in connection with any resale of the exchange notes.

Furthermore, any broker-dealer that acquired any of its original notes directly from us:

may not rely on the applicable interpretation of the staff of the SEC's position contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1983); and

must also be named as a selling noteholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

Expiration Date	5:00 p.m., New York City time, on December 20, 2002 unless we extend the expiration date.
Accrued Interest on the Exchange Notes and Original Notes	The exchange notes will bear interest from the most recent date to which interest has been paid on the original notes. If your original notes are accepted for exchange, then you will receive interest on the exchange notes and not on the original notes.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions. We may assert or waive these conditions in our sole discretion. If we materially change the terms of the exchange offer, we will resolicit tenders of the original notes. See <i>The Exchange Offer</i> <i>Conditions to the Exchange Offer</i> for more information regarding conditions to the exchange offer.
Procedures for Tendering Original Notes	Except as described in the section titled <i>The Exchange Offer</i> <i>Guaranteed Delivery Procedures</i> , a tendering holder must, on or prior to the expiration date: transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to State Street Bank and Trust Company at the address listed in this prospectus; or if original notes are tendered in accordance with the book-entry procedures described in this prospectus, the tendering holder must transmit an agent's message to the exchange agent at the address listed in this prospectus. See <i>The Exchange Offer</i> <i>Procedures for Tendering</i> .
Special Procedures for Beneficial Holders	If you are the beneficial holder of original notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender in the exchange offer, you should promptly contact the person in whose name your original notes

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are registered and instruct that person to tender on your behalf. See The Exchange Offer Procedures for Tendering.

Guaranteed Delivery Procedures If you wish to tender your original notes and you cannot deliver your original notes, the letter of transmittal or any other required documents to the exchange agent before the expiration date, you may tender your original notes by following the guaranteed delivery procedures under the heading The Exchange Offer Guaranteed Delivery Procedures.

Withdrawal Rights Tenders may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date.

Acceptance of Original Notes and Delivery of Exchange Notes Subject to the conditions stated in the section The Exchange Offer Conditions to the Exchange Offer of this prospectus, we will accept for exchange any and all original notes which are properly tendered in the exchange offer before 5:00 p.m., New York City time, on the expiration date. The exchange notes will be delivered promptly after the expiration date. See The Exchange Offer Terms of the Exchange Offer.

Material Federal Income Tax Consequences Your exchange of original notes for exchange notes to be issued in the exchange offer will not be a taxable event for United States federal income tax purposes. See Material Federal Income Tax Consequences.

Exchange Agent State Street Bank and Trust Company is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are listed under the heading The Exchange Offer Exchange Agent.

Use of Proceeds We will not receive any proceeds from the issuance of exchange notes in the exchange offer. We will pay all expenses incident to the exchange offer. See Use of Proceeds.

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Summary of Terms of the Exchange Notes

The terms of the exchange notes we are issuing in this exchange offer and the original notes are identical in all material respects, except:

the exchange notes will have been registered under the Securities Act;

the exchange notes will not contain transfer restrictions and registration rights that relate to the original notes; and

the exchange notes will not contain provisions relating to the payment of liquidated damages to be made to the holders of the original notes under circumstances related to the timing of the exchange offer.

The exchange notes will evidence the same debt as the original notes and will be governed by the same indenture. A brief description of the material terms of the exchange notes follows:

Exchange Notes Offered	\$600,000,000 aggregate principal amount of 6.625% Senior Notes due July 15, 2012.
Interest Payment Dates	Interest on the exchange notes will be payable semi-annually on January 15 and July 15 of each year, commencing January 15, 2003.
Maturity	The maturity date for the exchange notes is July 15, 2012.
Ranking	The notes are senior debt. They are equal in right of payment with any existing or future unsecured indebtedness, including trade payables, but will rank senior to any future indebtedness that expressly provides that it is subordinate to these notes.
Basic Covenants	We will issue the exchange notes under an indenture with State Street Bank and Trust Company. This is the same indenture under which the original notes were issued. The indenture restricts our ability to grant liens under certain circumstances on stock or indebtedness of certain of our subsidiaries or on certain of our property or that of our subsidiaries to secure indebtedness. The indenture also prohibits us from merging with another company or selling substantially all of our assets unless specified conditions are satisfied. See Description of Notes.
Registration Covenant; Exchange Offer	<p>In connection with our agreement to register the exchange notes under the Securities Act by filing the registration statement of which this prospectus forms a part, we have agreed (1) to cause the registration statement to become effective on or before January 11, 2003, and (2) to complete the exchange offer within 30 days after the effective date of the registration statement. In addition, we have agreed, in certain circumstances, to file a shelf registration statement that would allow some or all of the notes to be offered to the public. The interest rate on the notes is subject to increase for so long as we are not complying with our registration obligations.</p> <p>Upon consummation of the exchange offer, holders of the notes will no longer have any rights under the exchange and registration rights agreement, except to the extent that we have continuing obligations to file a shelf registration statement.</p>
Optional Redemption	We may redeem some or all of the exchange notes, at any time or from time to time, at the redemption prices set forth under Description of Notes Optional Redemption. The exchange notes will not be subject to any sinking fund provision.

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Risk Factors

See Risk Factors beginning on page 8 for a discussion of factors that should be considered by holders of original notes before tendering their original notes in the exchange offer. Most of these factors will apply to the exchange notes as well as the original notes.

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RISK FACTORS

You should carefully consider the following risks and all of the information set forth in this prospectus before tendering your notes for exchange in the exchange offer. The risk factors set forth below, other than those which discuss the consequences of failing to exchange your original notes in the exchange offer, are generally applicable to both the original notes and the exchange notes.

Marketing and advertising restrictions may adversely affect demand for our tobacco products

In 1986, federal legislation was enacted regulating smokeless tobacco products by, among other things, requiring health warning notices on smokeless tobacco packages and advertising and prohibiting the advertising of smokeless tobacco products on media subject to the jurisdiction of the Federal Communications Commission. Since 1986, other proposals have been made at both the federal and state level for additional regulation of smokeless tobacco products and it is likely that additional proposals will be made in future years. These proposals have included increased regulation of the manufacturing and marketing of tobacco products by new or existing federal and state agencies, the requirement of additional warning notices, a ban or further restriction on all advertising and promotion, regulation of environmental tobacco smoke, ingredients and constituent disclosure requirements, sampling and advertising bans or restrictions, increasing the minimum purchase age and the disallowance of advertising and promotion expenses as deductions under federal tax law. These proposals, if implemented, could have a material adverse effect on our smokeless tobacco business.

In addition to increased regulatory restrictions, we adopted various marketing and advertising restrictions in connection with the Smokeless Tobacco Master Settlement Agreement, which we entered into in November 1998 with the attorneys general of various states and U.S. territories to resolve health care cost reimbursement cases initiated against us. We are not able to assess the future effect that these increased marketing and advertising restrictions may have on our smokeless tobacco business.

Increased excise taxes on tobacco products may reduce our sales

Smokeless tobacco products are subject to significant federal and state excise taxes. A federal excise tax on smokeless tobacco products was imposed in 1986, which was increased in 1991, 1993, 1997, 2000 and 2002. In general, excise taxes and other taxes on smokeless tobacco products have been increasing. Increases in smokeless tobacco-related taxes have been proposed at the federal, state and local levels. We believe a substantial increase in California's state excise tax on smokeless tobacco products enacted in 2001 (and subsequently repealed) significantly reduced the demand for our premium smokeless tobacco products in that state. If proposals are adopted by either the federal government or the various states which include significant excise tax increases, particularly in high volume states, our sales and consequently our cash flows could be materially adversely affected.

Potential adverse outcome of litigation

In the Conwood litigation, there is presently a \$1.05 billion judgment, from which we are appealing. In addition, we have been named as a defendant in a number of legal proceedings, including class action/health care cost reimbursement litigation, claims brought by individual plaintiffs alleging tobacco related injuries, a state court action involving a commercial dispute alleging breach of contract and other claims in connection with the sale of cigars and various antitrust claims brought as purported class actions on behalf of individual purchasers or wholesalers of our smokeless tobacco products.

It is not possible to predict with certainty the outcome of the litigation pending against us. While the litigation environment is uncertain, we believe, and have been so advised by counsel handling the respective cases, that we have a number of meritorious defenses to all litigation pending against us. We believe, subject to the uncertainties of litigation, that the outcome of all such pending litigation will not have a material adverse effect on our consolidated financial position, but may have a material impact on our consolidated financial results for a particular reporting period in which any such litigation is resolved. There can be no assurance, however, that we will be correct in our belief.

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You may have difficulty selling the original notes that you do not exchange.

If you do not exchange your original notes for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your original notes described in the legend on your original notes. The restrictions on transfer of your original notes arise because we issued the original notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the original notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not intend to register the original notes under the Securities Act. To the extent original notes are tendered and accepted in the exchange offer, the trading market, if any, for the original notes would be adversely affected. See *The Exchange Offer – Consequences of Failure to Exchange Original Notes* for a discussion of the possible consequences of failing to exchange your original notes.

You may find it difficult to sell your exchange notes because there is no existing trading market for the exchange notes.

You may find it difficult to sell your exchange notes because an active trading market for the exchange notes may not develop. The exchange notes are being offered to the holders of the original notes. The original notes were issued on July 15, 2002 primarily to a small number of institutional investors. After the exchange offer, the trading market for the remaining untendered original notes could be adversely affected.

There is no existing trading market for the exchange notes. We do not intend to apply for listing or quotation of the exchange notes on any exchange, and so we do not know the extent to which investor interest will lead to the development of a trading market or how liquid that market might be. Although Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, Credit Lyonnais Securities (USA) Inc., PNC Capital Markets, Inc., Scotia Capital (USA) Inc. and U.S. Bancorp Piper Jaffray Inc., the initial purchasers of the original notes, have informed us that they intend to make a market in the exchange notes, they are not obligated to do so, and any market-making may be discontinued at any time without notice. As a result, the market price of the exchange notes, as well as your ability to sell the exchange notes, could be adversely affected.

Broker-dealers or noteholders may become subject to the registration and prospectus delivery requirements of the Securities Act.

Any broker-dealer that:

exchanges its original notes in the exchange offer for the purpose of participating in a distribution of the exchange notes, or

resells exchange notes that were received by it for its own account in the exchange offer, may be deemed to have received restricted securities and may be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction by that broker-dealer. Any profit on the resale of the exchange notes and any commission or concessions received by a broker-dealer may be deemed to be underwriting compensation under the Securities Act.

In addition to broker-dealers, any noteholder that exchanges its original certificates in the exchange offer for the purpose of participating in a distribution of the exchange notes may be deemed to have received restricted securities and may be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction by that noteholder.

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USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. In consideration for issuing the exchange notes, we will receive in exchange the original notes of like principal amount, the terms of which are identical in all material respects to the exchange notes. The original notes surrendered in exchange for exchange notes will be retired and canceled and cannot be reissued. Accordingly, the issuance of the exchange notes will not result in any increase in our indebtedness. We have agreed to bear the expenses of the exchange offer. No underwriter is being used in connection with the exchange offer.

The net proceeds of the sale of the original notes on July 15, 2002 were approximately \$593.3 million, and were used to repay \$325.8 million of loans, including a 0.5% prepayment penalty, outstanding under our \$1 billion senior secured credit facility which we entered into in October 2000 and to fund \$267.5 million of our qualified settlement fund with the balance of the net proceeds.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for each of the years ended December 31, 1997 through 2001 was 69x, 94x, 43x, 15x and 12x, respectively. Our ratio of earnings to fixed charges for the nine months ended September 30, 2002 was 13x. We compute these ratios by dividing our earnings by our fixed charges. For this ratio, earnings includes income before income taxes and fixed charges, net of capitalized interest. Fixed charges include interest expense, whether expensed or capitalized.

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The selected financial data for each of the fiscal years in the five-year period ended December 31, 2001 have been derived from our audited financial statements. The summary financial data as of and for the nine months ended September 30, 2001 and September 30, 2002 have been derived from our unaudited condensed consolidated financial statements as of the end of and for each such nine-month period. The unaudited interim data include all adjustments which are, in the opinion of management, necessary to present a fair statement of these periods and are of a normal recurring nature. You should read this information in conjunction with the financial statements and accompanying notes included or incorporated by reference in our Annual Reports on Form 10-K for such years and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, which are incorporated by reference into this prospectus.

	Years Ended December 31,					Unaudited Nine Months Ended September 30,	
	1997	1998	1999	2000	2001	2001	2002
(\$ in thousands)							
Statement of Earnings Data:							
Net sales	\$ 1,401,718	\$ 1,415,639	\$ 1,479,603	\$ 1,507,757	\$ 1,626,016	\$ 1,190,707	\$ 1,258,845
Cost of products sold(1)	291,942	283,516	304,275	330,079	349,581	256,571	271,034
Selling, advertising and administrative	398,468	399,845	398,850	424,955	443,407	333,287	351,594
Operating income	711,308	732,278	776,478	752,723	833,028	600,849	636,217
EBITDA	741,799	764,004	813,491	792,326	876,224	633,197	675,665
Interest expense (income), net	7,451	(2,187)	13,535	34,288	33,760	25,334	32,671
Net earnings	439,138	455,279	469,293	441,886	491,602	353,897	371,179
Other Financial Data:							
EBIT to interest expense(2)	81x	132x	50x	16x	12x	12x	13x
EBITDA to interest expense(3)	85x	138x	52x	17x	13x	12x	14x
Earnings to fixed charges(4)	69x	94x	43x	15x	12x	12x	13x
Total debt to total capitalization	20.1%	17.6%	70.6%	76.3%	59.8%	65.7%	60.6%

	At December 31,					Unaudited At September 30,	
	1997	1998	1999	2000	2001	2001	2002
Financial Condition:							
Total assets	\$ 826,363	\$ 913,319	\$ 1,015,648	\$ 1,646,399	\$ 2,011,702	\$ 1,904,230	\$ 2,607,008
Total debt	110,000	100,000	481,965	869,175	865,875	866,700	1,140,000
Stockholders equity	436,795	468,293	200,804	270,572	581,062	453,119	742,390

Note: Net sales and selling, advertising and administrative amounts for the years 1998-2001 have been reclassified for the adoption of new accounting rules in 2002. The impact of this adoption was immaterial for 1997.

(1) Includes excise taxes.

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- (2) EBIT means earnings before interest and taxes. Information concerning EBIT is presented here not as a measure of operating results, but rather as a measure of UST's ability to service debt. EBIT should not be construed as an alternative to operating income or cash flow from operating activities, each as determined according to accounting principles generally accepted in the United States.
- (3) EBITDA means earnings before interest, taxes, depreciation and amortization. Information concerning EBITDA is presented here not as a measure of operating results, but rather as a measure of UST's ability to service debt. EBITDA should not be construed as an alternative to operating income or cash flow from operating activities, each as determined according to accounting principles generally accepted in the United States.
- (4) The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this ratio, earnings includes income before income taxes and fixed charges, net of capitalized interest. Fixed charges include interest, whether expensed or capitalized.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

When we sold the original notes in July 2002, we entered into an exchange and registration rights agreement with the initial purchasers of those original notes. Under the exchange and registration rights agreement, we agreed to file a registration statement regarding the exchange of the original notes for notes which are registered under the Securities Act. We also agreed to use our reasonable best efforts to cause the registration statement to become effective with the SEC and to conduct this exchange offer after the registration statement is declared effective. We will use our best efforts to keep this registration statement effective until the earlier of (1) the 90th day after this exchange offer is completed or (2) the day on which no original notes are held by broker-dealers. The exchange and registration rights agreement provides that we will be required to pay liquidated damages to the holders of the original notes if:

the registration statement is not filed by November 12, 2002;

the registration statement is not declared effective by January 11, 2003; or

the exchange offer has not been completed by February 10, 2003.

A copy of the exchange and registration rights agreement is filed as an exhibit to the registration statement of which this prospectus is a part.

Terms of the Exchange Offer

Upon the terms and conditions described in this prospectus and in the accompanying letter of transmittal, which together constitute the exchange offer, we will accept for exchange original notes that are properly tendered on or before the expiration date and not withdrawn as permitted below. As used in this prospectus, the term expiration date means 5:00 p.m., New York City time, on December 20, 2002. However, if we, in our sole discretion, have extended the period of time for which the exchange offer is open, the term expiration date means the latest time and date to which we extend the exchange offer.

As of the date of this prospectus, \$600,000,000 aggregate principal amount of the original notes is outstanding. This prospectus, together with the letter of transmittal, is first being sent on or about November 20, 2002 to all holders of original notes known to us. Our obligation to accept original notes for exchange in the exchange offer is subject to the conditions described below under the heading Conditions to the Exchange Offer.

We reserve the right to extend the period of time during which the exchange offer is open. We would then delay acceptance for exchange of any original notes by giving oral or written notice of an extension to the holders of original notes as described below. During any extension period, all original notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any original notes not accepted for exchange will be returned to the tendering holder after the expiration or termination of the exchange offer.

Original notes tendered in the exchange offer must be in denominations of principal amount of \$1,000 and any integral multiple of \$1,000.

We reserve the right to amend or terminate the exchange offer, and not to accept for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified below under the heading Conditions to the Exchange Offer. We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the original notes as promptly as practicable. If we materially change the terms of the exchange offer, we will resolicit tenders of the original notes, file a post-effective amendment to the prospectus and provide notice to the noteholders. If the change is made less than five business days before the expiration of the exchange offer, we will extend the offer so that the noteholders have at least five business days to tender or

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withdraw. We will notify you of any extension by means of a press release or other public announcement no later than 9:00 a.m., New York City time on that date.

Procedures for Tendering

When the holder of original notes tenders, and we accept, notes for exchange, a binding agreement between us and the tendering holder is created, subject to the terms and conditions set forth in this prospectus and the accompanying letter of transmittal. Except as described below, a tendering holder must, on or prior to the expiration date:

transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to State Street Bank and Trust Company at the address listed below under the heading Exchange Agent; or

if original notes are tendered in accordance with the book-entry procedures listed below, the tendering holder must transmit an agent's message (as defined below) to the exchange agent at the address listed below under the heading Exchange Agent.

In addition, either:

the exchange agent must receive, on or before the expiration date, certificates for the original notes and the letter of transmittal; or

the exchange agent must receive, prior to the expiration date, a timely confirmation of book-entry transfer of the original notes being tendered into the exchange agent's account at the Depository Trust Company, the book-entry transfer facility, along with the letter of transmittal or an agent's message; or

the holder must comply with the guaranteed delivery procedures described below.

The Depository Trust Company will be referred to as DTC in this prospectus.

The term agent's message means a message, transmitted to DTC and received by the exchange agent and forming a part of a book-entry transfer, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

The method of delivery of original notes, letters of transmittal and all other required documents is at your election and risk. If the delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or original notes to us.

If you are a beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the original notes by causing DTC to transfer the original notes into the exchange agent's account.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed unless the original notes surrendered for exchange are tendered:

by a registered holder of the original notes who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal, or

for the account of an eligible institution.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an eligible institution. An eligible institution is a financial institution, including most banks, savings and loan associations and brokerage houses, that is a participant in the Securities

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Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program.

We will determine in our sole discretion all questions as to the validity, form and eligibility of original notes tendered for exchange. This discretion extends to the determination of all questions concerning the timing of receipts and acceptance of tenders. These determinations will be final and binding.

We reserve the absolute right to reject any particular original note not properly tendered or any which acceptance might, in our judgment or our counsel's judgment, be unlawful. We also reserve the right to waive any defects or irregularities or conditions of the exchange offer as to any particular original note either before or after the expiration date, including the right to waive the ineligibility of any tendering holder. Our interpretation of the terms and conditions of the exchange offer as to any particular original note either before or after the expiration date, including the letter of transmittal and the instructions to the letter of transmittal, shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within a reasonable period of time. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defect or irregularity in any tender of original notes. Nor will we, the exchange agent or any other person incur any liability for failing to give notification of any defect or irregularity.

If the letter of transmittal is signed by a person other than the registered holder of original notes, the letter of transmittal must be accompanied by a written instrument of transfer or exchange in satisfactory form duly executed by the registered holder with the signature guaranteed by an eligible institution. The original notes must be endorsed or accompanied by appropriate powers of attorney. In either case, the original notes must be signed exactly as the name of any registered holder appears on the original notes.

If the letter of transmittal or any original notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By tendering, each holder will represent to us that, among other things,

the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not that person is the holder; and

neither the holder nor the other person has any arrangement or understanding with any person to participate in the distribution of the exchange notes.

In the case of a holder that is not a broker-dealer, that holder, by tendering, will also represent to us that the holder is not engaged in and does not intend to engage in a distribution of the exchange notes.

If any holder or other person is an affiliate of ours, as defined under Rule 405 of the Securities Act, or is engaged in, or intends to engage in, or has an arrangement or understanding with any person to participate in, a distribution of the exchange notes, that holder or other person can not rely on the applicable interpretations of the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where the original notes were acquired by it as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of the exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. See Plan of Distribution for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

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Acceptance of Original Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all original notes properly tendered. We will issue the exchange notes promptly after acceptance of the original notes. For purposes of the exchange offer, we will be deemed to have accepted properly tendered original notes for exchange when, as and if we have given oral or written notice to the exchange agent, with prompt written confirmation of any oral notice to be given promptly thereafter. See Conditions to the Exchange Offer below for a discussion of the conditions that must be satisfied before we accept any original notes for exchange.

For each original note accepted for exchange, the holder will receive an exchange note having a principal amount equal to that of the surrendered original note. The exchange notes will bear interest from the most recent date to which interest has been paid on the original notes. Accordingly, registered holders of exchange notes on the relevant record date for the first interest payment date following the completion of the exchange offer will receive interest accruing from the most recent date to which interest has been paid, or if no interest has been paid on the original notes, from July 15, 2002. Original notes accepted for exchange will cease to accrue interest from and after the date of completion of the exchange offer. Holders of original notes whose original notes are accepted for exchange will not receive any payment for accrued interest on the original notes otherwise payable on any interest payment date the record date for which occurs on or after completion of the exchange offer and will be deemed to have waived their rights to receive the accrued interest on the original notes. Under the exchange and registration rights agreement, we may be required to make additional payments in the form of liquidated damages to the holders of the original notes under circumstance relating to the timing of the exchange offer.

In all cases, issuance of exchange notes for original notes will be made only after timely receipt by the exchange agent of:

certificates for the original notes, or a timely book-entry confirmation of the original notes, into the exchange agent's account at the DTC;

a properly completed and duly executed letter of transmittal or an agent's message; and

all other required documents.

Unaccepted or non-exchanged original notes will be returned without expense to the tendering holder of the original notes. In the case of original notes tendered by book-entry transfer in accordance with the book-entry procedures described below, the non-exchanged original notes will be credited to an account maintained with the DTC, as promptly as practicable after the expiration or termination of the exchange offer.

Book-Entry Transfers

The exchange agent will make a request to establish an account for the original notes at DTC for purposes of the exchange offer within two business days after the date of this pros