

Exhibit 1 UST Inc. Product Information

Brands	Category	Introduction	% 1998 Sales	1998 Average Retail Cost per Can	Description	Competition
<i>Copenhagen</i>	Full Price	1822	48%	\$3.13	Top selling brand in the industry. Straight-flavored. Copenhagen has a "made-date" on bottom of its container so consumers recognize that it is fresh. Both fine and long cut varieties. Long cut variety introduced in the first quarter of 1997.	Timberwolf (Swedish Match) and Redwood (Swisher)
<i>Skoal Fine Cut</i>	Full Price	1935	18%	\$2.98	Second largest selling brand in the industry. Wintergreen and straight-flavored.	Kodiak (Conwood)
<i>Skoal Long Cut</i>	Full Price	1984	29%	\$3.11	Available in six varieties: wintergreen, straight, mint, cherry, classic and spearmint.	Kodiak (Conwood), Timberwolf (Swedish Match) and Silver Creek (Helme)
<i>Skoal Bandits</i>	Full Price	National introduction in 1983	3%	\$3.10	Skoal packed in "tea bags" that are individual portion packs that make it easy to use and dispose.	Renegades (Swedish Match)
<i>Red Seal</i>	Price Value	Third Qtr 1997	1%	\$1.29	Available in wintergreen and straight-flavors. Introduced in a 1.2 oz package.	Timberwolf (Swedish Match), Cougar, Redwood (Swisher) and Silver Creek (Helme)
<i>Rooster</i>	Full Price	Test Marketed in Fourth Qtr 1997; National introduction in 1998	<1%	\$2.44	Long-cut wintergreen and straight-flavored. Priced competitively to Copenhagen and Skoal but is packaged in a 1.5 oz can, offering consumers 25% more tobacco for their money.	Kodiak (Conwood)

Source: Credit Suisse First Boston research dated August 27, 1999.

Exhibit 2 Market Share Information for UST Inc.

	1991	1992	1993	1994	1995	1996	1997	1998	7 Yr. CAGR
Industry									
Premium Market Share %	99.0%	97.9%	97.2%	96.3%	94.9%	92.7%	90.9%	89.2%	(1.5%)
Price Value Market Share %	1.0%	2.1%	2.8%	3.7%	5.1%	7.3%	9.1%	10.8%	40.5%
UST									
Total Market Share %	86.2%	84.6%	85.1%	83.8%	81.7%	79.5%	78.2%	77.2%	(1.6%)
<i>Increase/(Decrease)%</i>		(1.9%)	0.6%	(1.5%)	(2.5%)	(2.7%)	(1.6%)	(1.3%)	
Premium Market Share %	86.2%	84.6%	85.1%	83.8%	81.7%	79.5%	78.2%	76.6%	(1.7%)
Price Value Market Share %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	--
Conwood									
Total Market Share %	10.1%	11.3%	10.8%	11.1%	11.9%	12.8%	13.1%	13.2%	3.9%
<i>Increase/(Decrease)%</i>		11.9%	(4.4%)	2.8%	7.2%	7.6%	2.3%	0.8%	
Premium Market Share %	10.1%	11.3%	10.8%	11.1%	11.9%	12.2%	11.8%	11.6%	2.0%
Price Value Market Share %	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	1.3%	1.6%	--
Swedish Match									
Total Market Share %	1.8%	2.0%	1.0%	1.1%	1.4%	2.3%	3.0%	4.6%	14.3%
<i>Increase/(Decrease)%</i>		11.1%	(50.0%)	10.0%	27.3%	64.3%	30.4%	53.3%	
Premium Market Share %	1.8%	2.0%	1.0%	1.0%	0.8%	0.5%	0.3%	0.3%	(22.6%)
Price Value Market Share %	0.0%	0.0%	0.0%	0.1%	0.6%	1.8%	2.7%	4.3%	--
Swisher									
Total Market Share %	1.0%	2.1%	2.8%	3.6%	4.5%	4.9%	5.1%	3.8%	21.0%
<i>Increase/(Decrease)%</i>		110.0%	33.3%	28.6%	25.0%	8.9%	4.1%	(25.5%)	
Premium Market Share %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	--
Price Value Market Share %	1.0%	2.1%	2.8%	3.6%	4.5%	4.9%	5.1%	3.8%	21.0%
Other Manufacturers									
Total Market Share %	0.9%	0.0%	0.3%	0.4%	0.5%	0.5%	0.6%	1.2%	4.2%
<i>Increase/(Decrease)%</i>		(100.0%)	NM	33.3%	25.0%	0.0%	20.0%	100.0%	
Premium Market Share %	0.9%	0.0%	0.3%	0.4%	0.5%	0.5%	0.6%	0.7%	(3.5%)
Price Value Market Share %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	-

Source: Credit Suisse First Boston Research dated August 27, 1999. Compiled from A.C. Neilson data and estimates.

Exhibit 3 Summary Financial Information for UST Inc. (in millions, except per-share data and ratios)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	5-Yr CAGR	10-Yr CAGR
Summary Operating Data^a													
Net Sales	\$611.9	\$673.9	\$756.4	\$898.4	\$1,032.2	\$1,097.5	\$1,204.0	\$1,305.8	\$1,371.7	\$1,401.7	\$1,423.2	5%	9%
Gross Profit	437.3	488.4	564.6	670.9	775.4	851.1	952.0	1,043.6	1,098.9	1,109.8	1,139.7		
EBITDA	277.9	315.0	368.6	446.4	525.2	591.4	668.9	736.9	779.2	749.8	785.0	6%	11%
EBIT	260.2	298.4	349.0	423.8	500.8	564.8	640.7	707.8	750.9	719.3	753.3	6%	11%
Interest Expense (Income)	(1.1)	(3.2)	(3.2)	(2.3)	(1.9)	(2.0)	0.1	3.2	6.4	7.5	(2.2)		
Pretax Earnings	261.3	301.6	352.2	426.1	502.6	566.8	640.6	704.6	744.5	703.9	755.5		
Net Income	162.2	190.5	223.3	265.9	312.6	347.9	387.5	429.8	464.0	443.9	467.9	6%	11%
Free Operating Cash Flow	\$135.2	\$195.1	\$217.8	\$247.3	\$267.9	\$340.7	\$399.2	\$521.2	\$456.4	\$287.4	\$429.5	5%	12%
Special Charges/Non-Recurring Items (Gains) ^b	--	--	--	--	--	\$(35.0)	--	--	--	\$8.0	\$21.0		
Basic Earnings per Share	\$0.74	\$0.87	\$1.04	\$1.26	\$1.49	\$1.67	\$1.92	\$2.21	\$2.48	\$2.41	\$2.52	9%	13%
Diluted Earnings per Share	\$0.71	\$0.83	\$0.99	\$1.20	\$1.43	\$1.63	\$1.88	\$2.17	\$2.44	\$2.39	\$2.50	9%	13%
Dividend per Share	\$0.37	\$0.46	\$0.55	\$0.66	\$0.80	\$0.96	\$1.12	\$1.30	\$1.48	\$1.62	\$1.62	11%	16%
Dividend Payout Ratio	50%	53%	53%	52%	54%	58%	58%	59%	60%	67%	64%		
Balance Sheet and Cash Flow Data													
Cash and Cash Equivalents	\$72.7	\$54.6	\$46.6	\$41.5	\$36.4	\$25.3	\$50.7	\$69.4	\$54.5	\$6.9	\$33.2		
Total Assets	\$598.0	\$630.2	\$622.6	\$656.5	\$674.0	\$706.2	\$741.2	\$784.0	\$806.6	\$826.4	\$913.3		
Long-Term Debt	\$21.8	\$6.8	\$3.1	--	--	\$40.0	\$125.0	\$100.0	\$100.0	\$100.0	\$100.0		
Total Debt	\$30.8	\$14.5	\$4.8	\$1.3	--	\$40.0	\$125.0	\$200.0	\$250.0	\$110.0	\$100.0		
Shareholders' Equity	\$453.3	\$482.3	\$473.9	\$482.9	\$516.6	\$463.0	\$361.7	\$292.8	\$281.2	\$436.8	\$468.3		
Average Basic Shares Outstanding	220.6	219.8	215.2	211.6	209.8	208.5	202.0	194.4	187.4	183.9	185.5		
Working Capital	\$221.1	\$209.3	\$197.2	\$210.0	\$249.0	\$228.4	\$221.2	\$144.8	\$144.0	\$275.3	\$309.9		
Capital Expenditures ^c	\$20.8	\$23.7	\$37.2	\$28.4	\$30.1	\$54.5	\$23.7	\$14.0	\$36.7	\$55.8	\$35.5		
Dividends Paid	\$81.7	\$101.2	\$118.3	\$139.7	\$168.0	\$199.7	\$225.7	\$252.4	\$277.3	\$298.1	\$301.1		
Share Repurchases	\$67.4	\$97.5	\$151.3	\$184.4	\$212.6	\$236.7	\$298.8	\$274.8	\$237.8	\$45.7	\$151.6		
Stock Price Data													
High	\$10.50	\$15.38	\$18.25	\$33.88	\$35.38	\$32.75	\$31.50	\$36.00	\$35.88	\$36.94	\$36.88		
Low	\$6.00	\$9.63	\$12.38	\$16.38	\$25.38	\$24.38	\$23.63	\$26.63	\$28.25	\$25.50	\$24.56		
Year End	\$10.25	\$15.31	\$18.25	\$32.75	\$32.00	\$27.75	\$27.88	\$33.38	\$32.38	\$36.94	\$34.88	5%	13%
Price/Earnings Ratio ^d	13.9x	17.6x	17.5x	26.0x	21.5x	16.6x	14.5x	15.1x	13.1x	15.3x	13.8x		
Market Equity ^e	\$2,260.6	\$3,366.0	\$3,926.6	\$6,930.0	\$6,713.7	\$5,785.0	\$5,630.6	\$6,487.2	\$6,066.6	\$6,794.0	\$6,470.8		
Selected Growth Rates and Ratios												5-Yr Avg	10-Yr Avg
Sales Growth	7.2%	10.1%	12.3%	18.8%	14.9%	6.3%	9.7%	8.5%	5.0%	2.2%	1.5%		
Net Income Growth	23.9%	17.5%	17.2%	19.1%	17.5%	11.3%	11.4%	10.9%	8.0%	(4.3%)	5.4%		
Dividend Growth	23.3%	24.3%	19.6%	20.0%	21.2%	20.0%	16.7%	16.1%	13.8%	9.5%	0.0%		
Gross Profit Margin	71.5%	72.5%	74.6%	74.7%	75.1%	77.5%	79.1%	79.9%	80.1%	79.2%	80.1%	79.7%	77.3%
EBITDA Margin	45.4%	46.7%	48.7%	49.7%	50.9%	53.9%	55.6%	56.4%	56.8%	53.5%	55.2%	55.5%	52.7%
EBIT Margin	42.5%	44.3%	46.1%	47.2%	48.5%	51.5%	53.2%	54.2%	54.7%	51.3%	52.9%	53.3%	50.4%
Net Margin	26.5%	28.3%	29.5%	29.6%	30.3%	31.7%	32.2%	32.9%	33.8%	31.7%	32.9%	32.7%	31.3%
Return on Average Equity	38.0%	40.7%	46.7%	55.6%	62.5%	71.0%	94.0%	131.3%	161.7%	123.7%	103.4%	122.8%	89.1%
Return on Average Assets	28.3%	31.0%	35.6%	41.6%	47.0%	50.4%	53.5%	56.4%	58.3%	54.4%	53.8%	55.3%	48.2%
Long-Term Debt/Capitalization	4.6%	1.4%	0.6%	0.0%	0.0%	8.0%	25.7%	25.5%	26.2%	18.6%	17.6%	22.7%	12.4%
Total Debt/Capitalization	6.4%	2.9%	1.0%	0.3%	0.0%	8.0%	25.7%	40.6%	47.1%	20.1%	17.6%	30.2%	16.3%

Source: Company annual report for fiscal year ended December 31, 1998 and author's adjustments and calculations.

^aBefore the cumulative effect of accounting changes. Excludes settlement charges and other special charges or nonrecurring items. All net income adjustments apply a 40% tax rate.

^bAuthor's estimates of pretax settlement charges and other special charges or nonrecurring items. Does not include effect of accounting changes.

^cAdditions for property, plant and equipment net of dispositions.

^dBased upon year-end stock price and basic earnings per share.

^eBased upon average basic shares outstanding and year-end stock price.

Exhibit 4 Summary Financial Information (Segment Data) for UST Inc. (in millions)

	1996	% Total	1997	% Total	1998	% Total
Net Sales (unaffiliated customers)						
Tobacco	\$1,167.5	85.1%	\$1,181.8	84.3%	\$1,245.6	87.5%
Wine	122.5	8.9%	145.0	10.3%	148.5	10.4%
Other	81.7	6.0%	74.9	5.3%	29.2	2.1%
Total Net Sales	\$1,371.7		\$1,401.7		\$1,423.2	
Operating Profit						
Tobacco	\$745.6	97.6%	\$700.4	96.3%	\$720.6	96.8%
Wine	17.9	2.3%	28.2	3.9%	22.1	3.0%
Other	0.1	0.0%	(1.3)	(0.2%)	1.7	0.2%
Total Operating Profit	\$763.5		\$727.3		\$744.4	
Operating Profit Margin						
Tobacco	63.9%		59.3%		57.9%	
Wine	14.6%		19.4%		14.9%	
Other	0.1%		(1.7%)		5.9%	
Identifiable Assets at December 31						
Tobacco	\$458.2	56.8%	\$468.0	56.6%	\$497.6	54.5%
Wine	194.9	24.2%	230.9	27.9%	277.2	30.4%
Other	91.6	11.4%	102.2	12.4%	87.2	9.5%
Corporate	61.9	7.7%	25.3	3.1%	51.3	5.6%
Total Identifiable Assets	\$806.6		\$826.4		\$913.3	
Capital Expenditures (Gross)						
Tobacco	\$29.2	65.3%	\$29.4	50.6%	\$27.7	49.2%
Wine	12.0	26.9%	20.1	34.6%	25.6	45.6%
Other	2.7	6.0%	6.1	10.5%	2.5	4.4%
Corporate	0.8	1.8%	2.5	4.3%	0.5	0.8%
Total Capital Expenditures	\$44.7		\$58.2		\$56.3	
Depreciation						
Tobacco	\$15.8	56.2%	\$16.3	54.0%	\$16.1	51.3%
Wine	8.9	31.7%	10.4	34.6%	12.0	38.1%
Other	1.8	6.4%	1.8	6.1%	1.7	5.3%
Corporate	1.6	5.8%	1.6	5.3%	1.7	5.3%
Total Depreciation	\$28.1		\$30.1		\$31.4	

Source: Company annual report for fiscal year ended December 31, 1998 and author's calculations.

Exhibit 5 Summary Financial Information for UST Inc. (in millions, except per share data and

	Tobacco Product Manufacturers				Tobacco Leaf Merchants			Median (excl. UST)	Mean (excl. UST)
	UST Inc.	Philip Morris	North Atlantic Trading Co.	RJR Nabisco Holdings ¹	DiMon Inc.	Standard Commercial	Universal Corp		
Summary Operating Data^a									
<i>Fiscal Year End</i>	<i>Dec 31, 1998</i>	<i>Dec 31, 1998</i>	<i>Dec 31, 1998</i>	<i>Dec 31, 1998</i>	<i>June 30, 1998</i>	<i>March 31, 1998</i>	<i>June 30, 1998</i>		
Net Sales	\$1,423.2	\$74,391.0	\$93.1	\$20,563.0	\$2,171.8	\$1,492.8	\$4,287.2		
Gross Profit	1,139.7	30,993.0	60.9	9,493.0	266.9	145.0	613.6		
EBITDA ^b	785.0	15,501.0	36.3	3,602.0	200.2	85.8	329.5		
EBIT ^b	753.3	13,811.0	29.1	2,467.0	156.7	65.3	278.4		
Interest Expense (Income)	(2.2)	890.0	24.9	880.0	83.8	37.8	64.0		
Pretax Earnings	755.5	12,921.0	4.2	1,455.0	72.9	37.1	231.3		
Net Income	467.9	7,672.4	1.0	718.0	52.0	26.9	130.4		
Free Operating Cash Flow	\$429.5	\$6,076.4	\$14.5	\$2,016.0	\$52.5	\$(61.3)	\$110.2		
Special Charges/Non-Recurring Items (Gains) ^c	\$21.0	\$3,834.0	-	\$2,069.0	\$16.9	-	\$(16.7)		
Basic Earnings per Share	\$2.52	\$3.16	\$(7.09) ^g	\$2.22	\$1.17	\$2.18	\$3.71		
Diluted Earnings per Share	\$2.50	\$3.14	\$(7.09) ^g	\$2.22	\$1.16	\$2.05	\$3.68		
Dividend per Share (Common)	\$1.62	\$1.68	-	\$2.05	\$0.66	-	\$1.11		
Dividend Payout Ratio	64%	53%	0%	92%	56%	0%	30%		
Balance Sheet and Cash Flow Data									
Cash and Cash Equivalents	\$33.2	\$4,081.0	\$2.8	\$300.0	\$18.7	\$34.1	\$79.8		
Total Assets	\$913.3	\$59,920.0	\$260.0	\$28,892.0	\$1,797.5	\$839.5	\$2,056.7		
Long-Term Debt	\$100.0	\$12,615.0	\$202.6	\$9,982.0	\$797.0	\$197.1	\$263.1		
Total Debt	\$100.0	\$14,662.0	\$215.6	\$10,467.0	\$1,079.5	\$469.9	\$849.6		
Preferred Stock & Minority Interest	-	-	\$39.3	\$957.0	\$0.5	\$30.3	\$31.7		
Shareholders' Equity	\$466.3	\$16,197.0	\$(15.4)	\$7,809.0	\$421.9	\$149.6	\$547.9		
Average Basic Shares Outstanding	185.5	2,429.0	528.2	323.9	44.5	12.4	35.2		
Working Capital	\$309.9	\$3,851.0	\$42.0	\$(259.0)	\$706.4	\$219.1	\$328.8		
Capital Expenditures ^d	\$35.5	\$1,804.0	\$0.5	\$576.0	\$36.6	\$9.7	\$90.0		
Stock Price Data									
Fiscal Year End	\$34.88	\$53.50	NA ^h	\$29.69	\$11.25	\$15.94	\$37.38		
Price/Earnings Ratio ^e	13.8x	16.9x	NA ^h	13.4x	9.6x	7.3x	10.1x		
Market Equity ^f	\$6,470.8	\$129,951.5	NA ^h	\$9,614.4	\$500.3	\$197.3	\$1,315.2		
Selected Growth Rates and Ratios									
Sales Growth	1.5%	3.2%	10.2%	(0.5%)	2.2%	10.2%	4.2%		
Gross Profit Margin	80.1%	41.7%	65.4%	46.2%	12.3%	9.7%	14.3%	28.0%	31.6%
EBITDA Margin	55.2%	20.8%	39.0%	17.5%	9.2%	5.7%	7.7%	13.4%	16.7%
EBIT Margin	52.9%	18.6%	31.3%	12.0%	7.2%	4.4%	6.5%	9.6%	13.3%
Net Margin	32.9%	10.3%	1.1%	3.5%	2.4%	1.8%	3.0%	2.7%	3.7%
Return on Average Equity	103.4%	49.3%	NM	8.4%	12.5%	22.5%	25.6%	22.5%	23.7%
Return on Average Assets	53.8%	13.2%	0.4%	2.4%	2.7%	3.4%	6.5%	3.1%	4.8%
Long-Term Debt/Capitalization	17.6%	43.8%	89.4%	53.2%	65.4%	52.3%	31.2%	52.8%	55.9%
Total Debt/Capitalization	17.6%	47.5%	90.0%	54.4%	71.9%	72.3%	59.4%	65.7%	65.9%

Source: Company financial statements and author's calculations and adjustments.

^aBefore the cumulative effect of accounting changes and discontinued operations. Excludes settlement charges, special charges, and nonrecurring items. Net income adjustments generally apply a 40% tax rate.^bExcludes Other Income and Expense.^cAuthor's estimates of pretax settlement charges and other special charges or nonrecurring items. Does not include discontinued operations or effect of accounting changes.^dAdditions of property, plant and equipment net of dispositions.^eBased upon fiscal year-end stock price and basic earnings per share.^fBased upon average basic shares outstanding and fiscal year-end stock price.^gIncludes impact of preferred stock dividends.^hNorth Atlantic Trading Company is privately held¹RJR Nabisco Holdings spun its tobacco business (RJ Reynolds Tobacco) off to shareholders in 1999.

Exhibit 6 Key Financial Ratios for Tobacco Companies

Three-years (1996-1998)	Tobacco Product Manufacturers			Tobacco Leaf Merchants			Tobacco Companies Median ^b	UST Inc.
	Philip Morris	North Atlantic Trading Co. ^a	RJR Nabisco Holdings	DiMon Inc.	Standard Commercial	Universal Corp		
Corporate Credit Rating	A	B+	BBB-	BB+	BB-	A-		
Outlook	Stable	Stable	Stable	Negative	Positive	Stable		
EBIT interest coverage (x)	11.2	1.3	2.5	2.6	3.3	3.5	3.0	101.5
EBITDA interest coverage (x)	12.7	1.6	3.7	3.3	5.4	4.4	4.1	105.6
Fund flow/total debt (%)	56.3	6.8	14.5	12.3	6.7	18.5	13.4	364.0
Free operating cash flow/total debt (%)	41.8	5.6	6.8	10.1	(2.6)	2.9	6.2	296.5
Return on capital (%)	38.4	11.8	10.3	13.4	6.6	16.9	12.6	140.6
Operating income/sales (%)	26.0	38.1	15.6	16.4	3.6	7.6	16.0	55.7
Total debt/capital (including ST debt) (%)	49.3	90.6	55.1	67.8	77.5	65.8	66.8	28.2

Source: Data provided by Standard & Poor's to the casewriter.

^aData for 1997-1998.

^bExcludes UST Inc.

Exhibit 7 S&P Credit Ratings**Long-Term Issue Credit Ratings*****Investment Grade*****AAA**

Obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

Obligor's capacity to meet its financial commitment on the obligation is very strong.

A

Somewhat more susceptible to adverse effects of changes in circumstances and economic conditions. However, obligor's capacity to meet financial commitment on obligation is still strong.

BBB

Adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Speculative Grade**BB**

Obligation faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to obligor's inadequate capacity to meet its financial commitment on the obligation.

B

Obligor currently has capacity to meet its financial commitment on the obligation. Adverse business, financial or economic conditions will likely impair obligor's capacity or willingness to meet financial commitment on the obligation.

Notes:

S&P's ratings of long-term speculative grade debt also includes CCC, CC, C and D (default) with these grades displaying progressively greater vulnerabilities to default. Plus (+) or minus (-) may be added to ratings AA to CCC to indicate relative standing within the major ratings definitions.

Short-Term Issue Credit Ratings**A-1**

Obligor's capacity to meet its financial commitment on the obligation is strong. Within the category, certain obligations are designated with a (+) sign which indicates obligor's capacity is extremely high.

A-2

Somewhat more susceptible to the adverse effects of changes in circumstances and economic condition, however, obligor's capacity to meet financial commitment on obligation is satisfactory.

A-3

Exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of obligor to meet its financial commitment on the obligation.

B

Regarded as having significant speculative characteristics. Obligor currently has the capacity to meet its financial commitment on the obligation, however, it faces major ongoing uncertainties which could lead to inadequate capacity to meet financial commitment on the obligation.

Notes:

S&P's ratings of short-term speculative grade debt also includes C and D (default).

Source: Standard & Poor's Corporate Ratings Criteria.

Exhibit 8 Key Financial Ratios^a

Adjusted Key Industrial Financial Ratios—Senior Debt Ratings

Industrial Long-Term Debt Three-Years (1996-1998) Medians	Investment Grade				Noninvestment Grade/Speculative		
	AAA	AA	A	BBB	BB	B	CCC
EBIT interest coverage (x)	12.9	9.2	7.2	4.1	2.5	1.2	(0.9)
EBITDA interest coverage (x)	18.7	14.0	10.0	6.3	3.9	2.3	0.2
Fund flow/total debt (%)	89.7	67.0	49.5	32.2	20.1	10.5	7.4
Free operating cash flow/total debt (%)	40.5	21.6	17.4	6.3	1.0	(4.0)	(25.4)
Return on capital (%)	30.6	25.1	19.6	15.4	12.6	9.2	(8.8)
Operating income/sales (%)	30.9	25.2	17.9	15.8	14.4	11.2	5.0
Long-term debt/capital (%)	21.4	29.3	33.3	40.8	55.3	68.8	71.5
Total debt/capital (including ST debt) (%)	31.8	37.0	39.2	46.4	58.5	71.4	79.4

Debt Yields—December 22, 1998	U.S. Treasury	Corporate Bond Yields						
		AAA	AA	A	BBB	BB+	BB/BB-	BB
10-Year (%)	4.70	5.60	5.84	6.12	6.84	7.70	8.72	11.19
20-Year (%)	5.45	6.47	6.76	7.05	7.82	--	--	--

Formulas for Adjusted Key Industrial Financial Ratios

EBIT Interest coverage =	Earnings from continuing operations before interest and taxes/ Gross interest incurred before subtracting capitalized interest and interest income
EBITDA interest coverage =	Earnings from continuing operations before interest, taxes, depreciation and amortization/ Gross interest incurred before subtracting capitalized interest and interest income
Funds from operations/Total debt =	Net income from continuing operations + depreciation, amortization, deferred income taxes, and other noncash/ Long-term debt + current maturities, commercial paper, and other short-term borrowings
Free operating cash flow/Total debt =	Funds from operations – capital expenditures – (+) the increase (decrease) in working capital (excluding changes in cash, marketable securities and ST debt)/ Long-term debt + current maturities, commercial paper, and other short-term borrowings
Pretax return on capital =	EBIT + interest expense/ Average of beginning and ending year capital, including short-term debt, current maturities, long-term debt, noncurrent deferred taxes and equity
Operating income/Sales =	Sales minus cost of goods manufactured (before depreciation and amortization), SG&A and R&D costs/ Sales
Long-term debt/Capitalization =	Long-term debt/ Long-term debt + shareholders' equity (including preferred stock) + minority interest
Total debt/Capitalization =	Long-term debt + current maturities, commercial paper, and other short-term borrowings/ Long-term debt + current maturities, commercial paper and other short-term borrowings + shareholders' equity (including preferred stock) + minority interest

Source: Standard & Poor's *Credit Week*, July 28, 1999 and Standard & Poor's *The Outlook*, January 6, 1999.

^aNote: Excludes discussion of operating lease equivalents as defined by S&P for simplification purposes.