FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-03-16** | Period of Report: **1993-12-31**
SEC Accession No. 0000950123-94-000510

FILER

UST INC
CIK:**811669**| IRS No.: **061193986** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **000-17506** | Film No.: **94516188**
SIC: **2100** Tobacco products

Business Address
100 W PUTNAM AVE
GREENWICH CT 06830
2036611100

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1993

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 0-17506

UST INC.
(Exact name of registrant as specified in its charter)

DELAWARE	06-1193986
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

100 WEST PUTNAM AVENUE, GREENWICH, CONNECTICUT 06830
(Address of principal executive offices) (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (203) 661-1100

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK -- $.50 PAR VALUE	NEW YORK STOCK EXCHANGE PACIFIC STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

NONE
(TITLE OF CLASS)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES X NO

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. [X]

AS OF MARCH 1, 1994, THE AGGREGATE MARKET VALUE OF REGISTRANT'S COMMON STOCK, $.50 PAR VALUE, HELD BY NON-AFFILIATES OF REGISTRANT (WHICH FOR THIS PURPOSE DOES NOT INCLUDE DIRECTORS OR OFFICERS) WAS $5,305,204,316.

AS OF MARCH 1, 1994, THERE WERE 203,893,636 SHARES OF REGISTRANT'S COMMON STOCK, $.50 PAR VALUE, OUTSTANDING.

DOCUMENTS INCORPORATED BY REFERENCE

CERTAIN SECTIONS OF UST ANNUAL REPORT TO STOCKHOLDERS FOR THE FISCAL YEAR ENDED DECEMBER 31, 1993 AND FILED AS AN EXHIBIT AS REQUIRED BY ITEM 601(b)(13) OF REGULATION S-K .... PARTS I & II
CERTAIN PAGES OF UST 1994 NOTICE OF ANNUAL MEETING AND PROXY STATEMENT .... PART III

PART I

ITEM 1 -- BUSINESS

GENERAL

UST Inc. was formed on December 23, 1986 as a Delaware corporation. Pursuant to a reorganization approved by stockholders at the 1987 Annual Meeting, United States Tobacco Company (originally incorporated in 1911) became a wholly owned subsidiary of UST Inc. on May 5, 1987. UST Inc., through its subsidiaries (collectively "Registrant" unless the context otherwise requires), is engaged in manufacturing, importing and selling consumer products in the following industry segments:

Tobacco Products: Registrant's primary activities are manufacturing and selling smokeless tobacco (snuff and chewing tobacco) and importing and selling other tobacco products.

Wine: Registrant produces and sells wine.

Other: Registrant produces or imports and sells certain other products such as smokers' accessories and operates certain commercial agricultural properties. The international and video entertainment operations as well as certain miscellaneous businesses are included in this segment.

INDUSTRY SEGMENT DATA

Registrant hereby incorporates by reference the Consolidated Industry Segment Data pertaining to the years 1991 through 1993 set forth on page 28 of its Annual Report to stockholders for the fiscal year ended December 31, 1993 ("Annual Report"), which page is included as Exhibit 13.1.

TOBACCO PRODUCTS

PRINCIPAL PRODUCTS

Registrant's principal smokeless tobacco products and brand names are as follows:

Moist -- COPENHAGEN, SKOAL LONG CUT, SKOAL, SKOAL BANDITS

Dry -- BRUTON, CC, RED SEAL

Chewing -- WB CUT

It has been claimed that the use of tobacco products may be harmful to health. To the best of Registrant's knowledge, unresolved controversy continues to exist among scientists concerning the claims made about tobacco and health. In 1986, federal legislation was enacted regulating smokeless tobacco products by, inter alia, requiring health warning notices on smokeless tobacco packages and advertising and prohibiting the advertising of smokeless tobacco products on electronic media. A federal excise tax was imposed in 1986, which was increased in 1991 and 1993. The Health Security Act announced by the Clinton Administration in 1993 seeks, inter alia, a significant federal excise tax increase on moist smokeless and other tobacco products. Also, in recent years, proposals have been made at the federal level for additional regulation of tobacco products including, inter alia, the requirement of additional warning notices, the disallowance of advertising and promotion expenses as deductions under federal tax law, a significant increase of federal excise taxes, a ban or further restriction of all advertising and promotion, regulation of environmental tobacco smoke and increased regulation by new or existing federal agencies. Substantially similar proposals will likely be considered in 1994. In 1993, various state and local governments continued the regulation of tobacco products, including, inter alia, the imposition of significantly higher taxes, sampling and advertising bans or restrictions, regulation of environmental tobacco smoke, negative advertising campaigns and packaging regulations. Additional state and local legislative and regulatory actions will likely be considered in 1994. Registrant is unable to assess the future effects these various actions may have on the sale of its tobacco products.

RAW MATERIALS

Except as noted below, raw materials essential to Registrant's business are generally purchased in domestic markets under competitive conditions.

In 1993, Registrant increased its purchases of dark fired, burley and dark air cured tobaccos ("tobacco") primarily from domestic sources. Although there was a slight increase in foreign purchases in 1993, purchases from foreign suppliers, as a percentage of total tobacco purchased, declined. Such foreign suppliers were located in Canada, Italy and Mexico. Various factors, including a failure of domestic tobacco production to continue to increase, may require Registrant to purchase additional amounts of tobacco from foreign sources in order to meet future requirements. Tobaccos used in the manufacture of smokeless tobacco products must be processed and aged by Registrant for a period of two to three years prior to their use.

Registrant or its suppliers purchase certain flavoring components used in Registrant's tobacco products from European sources.

At the present time, Registrant has no reason to believe that its future raw material requirements for its tobacco products will not be satisfied. However, the continuing availability and the cost of tobacco from both domestic and foreign sources is dependent upon a variety of factors which cannot be predicted, including weather, growing conditions, disease, local planting decisions, overall market demands and other factors.

LICENSE AND DISTRIBUTION ARRANGEMENTS

Registrant is a party to license and distribution arrangements that relate to imported pipe tobacco and imported cigarette products, which have been entered into in the ordinary course of Registrant's business, none of which is material to the Tobacco segment.

WORKING CAPITAL

The principal portion of Registrant's operating cash requirements relates to its need to maintain significant inventories of leaf tobacco, primarily for manufacturing of smokeless tobacco products, and its need to age and cure certain of these tobaccos for periods of up to three years prior to use.

CUSTOMERS

Registrant sells tobacco products throughout the United States principally to chain stores and tobacco and grocery wholesalers. Approximately 25% of Registrant's gross sales of tobacco products are made to five customers, one of which accounts for more than 10% of such sales. Registrant has maintained satisfactory relationships with these customers for many years.

COMPETITIVE CONDITIONS

The tobacco manufacturing industry in the United States is composed of at least five domestic companies larger than Registrant and many smaller ones. The larger companies concentrate on the manufacture and sale of cigarettes; one also manufactures and sells smokeless tobacco products. Registrant is a well established and major factor in the smokeless tobacco sector of the overall tobacco market. Consequently, Registrant competes actively with both larger and smaller companies in the sale of its tobacco products. Registrant's principal methods of competition with its tobacco products include quality, advertising, promotion, sampling, price, product recognition and distribution.

WINE

Registrant is an established producer of premium varietal and blended wines. CHATEAU STE. MICHELLE and COLUMBIA CREST varietal table wines and DOMAINE STE. MICHELLE sparkling wine are produced by Registrant in the state of Washington and sold throughout the United States. Registrant also produces and sells two California premium wines under the labels of VILLA MT. EDEN and CONN CREEK. Approximately 48% of Registrant's wine sales are made to ten distributors, no one of which accounts for more than 20% of total wine sales. Substantially all wines are sold through state-licensed distributors with whom Registrant maintains satisfactory relationships.

It has been claimed that the use of alcohol beverages may be harmful to health. To the best of Registrant's knowledge, unresolved controversy continues to exist among scientists concerning the claims made about alcohol beverages and health. In 1988, federal legislation was enacted regulating alcohol beverages by requiring health warning notices on alcohol beverages. Effective in 1991, the federal excise tax on wine was increased from $.17 a gallon to $1.07 a gallon for those manufacturers that produce more than 250,000 gallons a year, such as Registrant. In recent years at the federal level, proposals were made for additional regulation of alcohol beverages including, inter alia, an excise tax increase, modification of the required health warning notices and the regulation of labeling, advertising and packaging. Substantially similar proposals will likely be considered in 1994. Also in recent years, increased regulation of alcohol beverages by various states included, inter alia, the imposition of higher taxes, the requirement of health warning notices and the regulation of advertising and packaging. Additional state and local legislative and regulatory actions affecting the marketing of alcohol beverages will likely be considered during 1994. Registrant is unable to assess the future effects these regulatory and other actions may have on the sale of its wines.

Registrant uses grapes harvested from its own vineyards, as well as grapes purchased from independent growers located primarily in Washington State. Total grape harvest yields experienced by Registrant and throughout Washington State in 1993 were significantly higher than the prior year and continue to be adequate to meet requirements for premium varietal wines. From time to time adverse weather conditions have significantly affected grape harvests from Washington State. Should any vineyards be destroyed as a result of such conditions, new vineyards generally require five to six years to provide full yields. At the present time, Registrant has no reason to believe that its future raw material requirements for its wine products will not be satisfied.

Registrant's principal competition comes from many larger, well established national companies, as well as smaller wine producers. Registrant's principal methods of competition include quality, price, consumer and trade wine tastings, competitive wine judging and advertising. Registrant is a minor factor in the total nationwide business of producing wines.

Registrant concentrates its sales efforts on premium varietal table wines and sparkling wines. The future of Registrant's wine business will be dependent on sales, price and volume growth for premium varietal wines, the success of new products and adequate grape harvest yields from Washington State.

OTHER

Included in this segment for 1993 were cigarette papers, pipes, smokers' accessories, the international operation, video entertainment, agricultural properties and a majority interest in a company that develops and markets equipment used in filmmaking. None of the above, singly, constitutes a material portion of Registrant's operations. Registrant sold its distribution rights to cigarette papers and related products on March 31, 1993.

ADDITIONAL BUSINESS INFORMATION

CUSTOMERS

In 1993 sales to McLane Co. Inc., a national distributor, exceeded 10% of Registrant's consolidated revenue.

ENVIRONMENTAL REGULATIONS

Registrant does not believe that compliance with federal, state and local provisions regulating the discharge of materials into the environment or otherwise relating to the protection of the environment will have a material effect upon the capital expenditures, earnings or competitive position of Registrant.

NUMBER OF EMPLOYEES

Registrant's average number of employees during 1993 was 3,724.

TRADEMARKS

Registrant sells consumer products under a large number of trademarks. All of the more important trademarks either have been registered or applications therefor are pending with the United States Patent and Trademark Office.

SEASONAL BUSINESS

No material portion of the business of any industry segment of Registrant is seasonal.

ORDERS

Backlog of orders is not a material factor in any industry segment of Registrant.

ITEM 2 -- PROPERTIES

Set forth below is information concerning principal facilities and real properties of Registrant.

<TABLE>
<CAPTION>

BUILDINGS
IN
APPROXIMATE

LOCATION	SQUARE FEET	ACTIVITIES
<S>	<C>	<C>
Headquarters:		
Greenwich, Connecticut........	160,000	Executive, sales and general offices in several buildings.
Tobacco Facilities:		
Nashville, Tennessee..........	900,000	Office and manufacturing plants for moist and dry smokeless tobacco products, plastic injection molding operation for production of cans and lids, manufacturing engineering department, research and development laboratory and warehouse for distribution of various products.
Hopkinsville, Kentucky........	635,000	Office and plants and warehouses for tobacco leaf handling, processing and storage and for manufacture of dry flour for smokeless tobacco products.
Franklin Park, Illinois.......	425,000	Office and manufacturing plant for moist smokeless tobacco products, fiberboard can operations and warehouse for distribution of various products.
Wine Facilities:		
Paterson, Washington..........	410,000	Office, winery, retail shop and distribution and storage facility for wines.
Woodinville, Washington.......	195,000	Executive and sales offices, winery, retail shop and distribution and storage facility for wines.
Roosevelt, Washington.........	70,000	Winery and storage facility for wines.

LOCATION	LAND IN APPROXIMATE ACRES	ACTIVITIES
Yakima, Benton and Island Counties, Washington.........................	3,351	Vineyards.
Benton County, Washington...........	18,494	Other, including agricultural properties.

</TABLE>

Such principal properties in Registrant's industry segments were utilized only in connection with Registrant's business operations. Registrant believes that the above properties at December 31, 1993 were suitable and adequate for the purposes for which they were used, and were operated at satisfactory levels of capacity. Registrant is producing moist smokeless tobacco products at both its Franklin Park and Nashville plants where the combined installed capacity was planned to meet larger future demand for these products. While current capacity exceeds current sales, utilization would increase if market demand increases.

All principal properties are owned in fee by Registrant.

ITEM 3 -- LEGAL PROCEEDINGS

Registrant was named in an amended complaint filed on January 17, 1992, in an action against the major cigarette companies and others entitled Norma R. Broin, et al. v. Philip Morris Companies, Inc. et al. (Case No.: 91-49738 CA (22), Circuit Court, 11th Judicial Circuit, Dade County, Florida) seeking five billion dollars in punitive damages and unspecified compensatory damages. The action purportedly is brought on behalf of flight attendants who have allegedly sustained physical, psychological and emotional injuries as a result of exposure to environmental tobacco smoke on airplanes. On May 19, 1992, the Court dismissed the class action allegations in plaintiffs' amended complaint. Plaintiffs filed a notice of appeal from the Court's dismissal on June 17, 1992 and this appeal has not been decided.

Registrant has had only limited involvement with cigarettes. Prior to 1985, Registrant manufactured some cigarette products which had a de minimis market share, and Registrant is indemnified for the small volume of imported cigarettes which it currently distributes.

Registrant believes that the action is without merit, intends to defend it vigorously and does not believe it will result in any material liability to Registrant.

ITEM 4 -- SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Prior to May 5, 1987, all titles of officers set forth below relate to offices held in United States Tobacco Company.

Pursuant to instruction 3 to Item 401(b) of Regulation S-K, the name, office, age and business experience of each executive officer of Registrant as of March 1, 1994 is set forth below:

NAME	OFFICE	AGE
Robert E. Barrett	Executive Vice President	55
John J. Bucchignano	Executive Vice President and Chief Financial Officer	46
James W. Chapin	Executive Vice President and General Counsel	64
Vincent A. Gierer, Jr.	Chairman of the Board, Chief Executive Officer and President	46
Harry W. Peter III	Executive Vice President	54
Joseph R. Taddeo	Executive Vice President	49

None of the executive officers of Registrant has any family relationship to any other executive officer or director of Registrant.

After election, all executive officers serve until the next annual organization meeting of the Board of Directors and until their successors are elected and qualified.

All of the Executive Officers of Registrant have been employed continuously by it for more than five years except for Mr. Barrett.

Mr. Barrett has served as Executive Vice President since October 7, 1991. He also has served as President of UST Enterprises Inc. since July 1, 1991. Mr. Barrett served as Senior Vice President from January 1, 1991 to October 6, 1991, and served as a member of the Board of Directors from July 27, 1989 through December 13, 1990. Mr. Barrett served as President of Barrett Consultants, a public and government relations firm which he founded in 1980. Mr. Barrett has been employed by Registrant since January 1, 1991.

Mr. Bucchignano has served as Executive Vice President and Chief Financial Officer since October 7, 1991. Mr. Bucchignano served as Senior Vice President and Controller from September 27, 1990 to October 6, 1991, and as Controller from August 1, 1987 to September 26, 1990. Mr. Bucchignano has been employed by Registrant since December 10, 1984.

Mr. Chapin has served as Executive Vice President and General Counsel since September 25, 1991. Mr. Chapin served as Senior Vice President and General Counsel from January 1, 1981 to September 24, 1991. Mr. Chapin has been employed by Registrant since March 1, 1975.

Mr. Gierer has served as Chairman of the Board and Chief Executive Officer since December 1, 1993 and has served as President since September 27, 1990. Mr. Gierer also served as Chief Operating Officer from September 27, 1990 to November 30, 1993 and as Executive Vice President and Chief Financial Officer from February 17, 1988 to September 26, 1990. Mr. Gierer has been employed by Registrant since March 16, 1978.

Mr. Peter has served as Executive Vice President since October 29, 1990. He also has served as President of UST International Inc. since January 1, 1993. Mr. Peter served as Senior Vice President from July 27, 1989 to October 28, 1990 and as Vice President from June 23, 1988 to July 26, 1989. Mr. Peter has been employed by Registrant since February 1, 1988.

Mr. Taddeo has served as Executive Vice President and President of United States Tobacco Company since September 27, 1990. Mr. Taddeo also served as Senior Vice President of United States Tobacco Company from June 23, 1988 to September 26, 1990. Mr. Taddeo has been employed by Registrant since March 29, 1982.

PART II

ITEM 5 -- MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Registrant hereby incorporates the information with respect to the market for its common stock, $.50 par value ("Common Stock"), and related security holder matters set forth on page 27 of its Annual Report, which page is included herein as Exhibit 13.2. Registrant's Common Stock is listed on the New York Stock Exchange and the Pacific Stock Exchange. As of March 1, 1994, there were approximately 13,621 stockholders of record of its Common Stock.

ITEM 6 -- SELECTED FINANCIAL DATA

Registrant hereby incorporates by reference the Consolidated Selected Financial Data set forth on pages 46 and 47 of its Annual Report, which pages are included herein as Exhibit 13.3.

ITEM 7 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Registrant hereby incorporates by reference the Management's Discussion and Analysis of Results of Operations and Financial Condition set forth on pages 19-27 of its Annual Report, which pages are included herein as Exhibit 13.4.

ITEM 8 -- FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Registrant hereby incorporates by reference the information contained in the financial statements, including the notes thereto, set forth on pages 28-43 and 45 of its Annual Report, which pages are included herein as Exhibit 13.5.

ITEM 9 -- CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10 -- DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Registrant hereby incorporates by reference the information with respect to the names, ages and business histories of the directors of Registrant which is contained in Table I and the accompanying text set forth under the caption "Election of Directors" in its Notice of 1994 Annual Meeting and Proxy Statement. Information concerning executive officers of Registrant is set forth above following Item 4 of this Report.

ITEM 11 -- EXECUTIVE COMPENSATION

Registrant hereby incorporates by reference the information with respect to executive compensation which is contained in Tables II through V (including the notes thereto) and the accompanying text set forth under the caption "Compensation of Executive Officers" in its Notice of 1994 Annual Meeting and Proxy Statement.

ITEM 12 -- SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Registrant hereby incorporates by reference the information with respect to the security ownership of management which is contained in Table I and the accompanying text set forth under the caption "Election of Directors" in its Notice of 1994 Annual Meeting and Proxy Statement.

ITEM 13 -- CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Registrant hereby incorporates by reference certain transactions with directors and information with respect to indebtedness of management which is contained in Table VI and the accompanying text set forth under the caption "Compensation of Executive Officers" in its Notice of 1994 Annual Meeting and Proxy Statement.

PART IV

ITEM 14 -- EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this Report:

(1) and (2) The financial statements of Registrant included in this Report are set forth on pages F-1 - F-12 hereof.

(3) The following exhibits are filed by Registrant pursuant to Item 601 of Regulation S-K:

<TABLE>

<S>	<C>
3.1	-- Restated Certificate of Incorporation dated May 5, 1992, incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarter ended March 31, 1992.
3.2	-- By-Laws adopted on December 23, 1986, incorporated by reference to Exhibit 3.2 to Form S-4 Registration Statement filed on March 20, 1987.

</TABLE>

<TABLE>

<S>	<C>
10.1*	-- Employment Agreement dated October 1, 1990 between UST and Joseph R. Taddeo, an Executive Officer, incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 1990.
10.2*	-- Form of Employment Agreement dated October 20, 1986 between United States Tobacco Company (subsequently assumed by UST) and one (1) Executive Officer: Vincent A. Gierer, Jr., incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 1986.
10.3*	-- Employment Agreement dated December 1, 1993 between UST and John J. Bucchignano, an Executive Officer.
10.4*	-- Form of Severance Agreement dated October 27, 1986 between United States Tobacco Company (subsequently assumed by UST) and nonexecutive officers, incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 1990.
10.5*	-- 1982 Stock Option Plan restated as of March 22, 1989, incorporated by reference to Exhibit 4.1 to Form S-8 Registration Statement filed on April 14, 1989.
10.6*	-- 1992 Stock Option Plan, effective as of May 5, 1992, incorporated by reference to Appendix A to the UST 1992 Notice of Annual Meeting and Proxy Statement dated March 27, 1992.
10.7*	-- Incentive Compensation Plan, as restated as of January 1, 1994.
10.8*	-- Officers' Supplemental Retirement Plan, as restated as of December 1, 1992, incorporated by reference to Exhibit 10.7 to Form 10-K for the fiscal year ended December 31,1992.
10.9	-- Nonemployee Directors' Retirement Plan, effective as of January 1, 1988, incorporated by reference to Exhibit 10.8 to Form 10-K for the fiscal year ended December 31, 1992.
13.1	-- Industry Segment Data pertaining to the years 1991 through 1993.
13.2	-- Market for Registrant's Common Equity and Related Stockholder Matters.
13.3	-- Selected Financial Data.
13.4	-- Management's Discussion and Analysis of Financial Condition and Results of Operations.
13.5	-- Financial Statements and Supplementary Data.
21.1	-- Subsidiaries of UST.
23.1	-- Consent of Independent Auditors.

</TABLE>

(b) No current reports on Form 8-K were filed during the fourth quarter of Registrant's most recent fiscal year.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of this Report.

SIGNATURE PAGE

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

UST INC.

Date: February 16, 1994

By: VINCENT A. GIERER, JR.

VINCENT A. GIERER, JR.
CHAIRMAN OF THE BOARD, CHIEF
EXECUTIVE OFFICER
AND PRESIDENT

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

<TABLE>

<S>	<C>	<C>
February 16, 1994	Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer)	VINCENT A. GIERER, JR. ----------------------------------- VINCENT A. GIERER, JR.
February 16, 1994	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	JOHN J. BUCCHIGNANO ----------------------------------- JOHN J. BUCCHIGNANO
February 16, 1994	Controller (Principal Accounting Officer)	ROBERT T. D'ALESSANDRO ----------------------------------- ROBERT T. D'ALESSANDRO
February 16, 1994	Chairman Emeritus	LOUIS F. BANTLE ----------------------------------- LOUIS F. BANTLE
February 16, 1994	Director	JOHN J. BUCCHIGNANO ----------------------------------- JOHN J. BUCCHIGNANO
February 16, 1994	Director	EDWARD H. DEHORITY, JR. ----------------------------------- EDWARD H. DEHORITY, JR.
February 16, 1994	Chairman of the Board	VINCENT A. GIERER, JR. ----------------------------------- VINCENT A. GIERER, JR.
February 16, 1994	Director	P.X. KELLEY ----------------------------------- P.X. KELLEY
February 16, 1994	Director	ALBERT H. LEADER ----------------------------------- ALBERT H. LEADER
February 16, 1994	Director	RALPH L. ROSSI ----------------------------------- RALPH L. ROSSI
February 16, 1994	Director	SPENCER R. STUART ----------------------------------- SPENCER R. STUART
February 16, 1994	Director	JOSEPH R. TADDEO ----------------------------------- JOSEPH R. TADDEO
February 16, 1994	Director	JOHN P. WARWICK ----------------------------------- JOHN P. WARWICK

</TABLE>

ITEM 14 (a) (1) AND (2)

UST AND SUBSIDIARIES

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of Registrant, included in the annual report of Registrant to its stockholders for the year ended December 31, 1993, are incorporated by reference in Item 8:

Consolidated Statement of Financial Position -- December 31, 1993 and 1992

Consolidated Statement of Earnings -- Years ended December 31, 1993, 1992 and 1991

Consolidated Statement of Changes in Stockholders' Equity -- Years ended

December 31, 1993, 1992 and 1991

Consolidated Statement of Cash Flows -- Years ended December 31, 1993, 1992 and 1991

Notes to Consolidated Financial Statements

The following consolidated financial statement schedules are included in Item 14(d):

<TABLE>

</TABLE>

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

UST AND SUBSIDIARIES

SCHEDULE II -- AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS, PROMOTERS AND EMPLOYEES OTHER THAN RELATED PARTIES

<TABLE>
<CAPTION>

COL. A	COL. B	COL. C	COL. D		COL. E	
			DEDUCTIONS		BALANCE AT END OF PERIOD	
NAME OF DEBTOR (A)	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	CURRENT	NOT CURRENT
<S>	<C>	<C>	<C>		<C>	<C>
Year Ended December 31, 1993						
A. W. Adams..........	$ 71,875	$ 267,413	$ 7,187		$ 36,900	$ 295,201
J. Africk............	218,641	-0-	121,045		21,579	76,017
L. F. Bantle.........	244,632	2,662,500	377,757		532,500	1,996,875
R. E. Barrett........	326,350	231,875	4,608		62,025	491,592
T. Baseler...........	113,403	-0-	12,731		12,731	87,941
J. J. Bucchignano....	397,038	386,700	211,274		65,258	507,206
D. L. Cerullo........	216,842	-0-	98,857		14,389	103,596
J. W. Chapin.........	720,151	543,750	40,546		148,446	1,074,909
J. P. Cureton........	62,544	186,760	48,356		23,781	177,167
R. C. Cutler.........	101,234	-0-	23,001		10,707	67,526
R. T. D'Alessandro...	173,574	-0-	21,457		21,457	130,660
V. A. Gierer, Jr.....	1,510,795	361,725	295,681		212,342	1,364,497
R. M. Glasscox.......	106,589	-0-	20,178		20,178	66,233
R. F. Guys...........	142,346	-0-	25,642		25,642	91,062
G. W. Hagen..........	141,779	-0-	16,680		14,750	110,349
R. E. Hanrahan.......	205,189	195,813	40,302		60,129	300,571
J. D. Harris.........	477,593	-0-	477,593		-0-	-0-
J. M. Hayes..........	278,747	-0-	92,461		24,089	162,197
R. J. Hoff...........	161,680	3,234	62,452		26,716	75,746
S. R. Hotchkiss......	183,490	-0-	183,490		-0-	-0-
R. A. Kohlberger.....	533,697	-0-	229,869		33,759	270,069
E. D. Kratovil.......	274,933	-0-	13,278		34,084	227,571
J. J. Lamagna........	163,359	-0-	52,885		15,528	94,946
C. R. Lamonte........	102,166	134,463	30,943		26,819	178,867
R. H. Lawrence, Jr................	548,920	-0-	103,271		61,286	384,363
I. R. Levine.........	1,277,700	-0-	759,381		121,971	396,348
G. F. Murray, Jr.....	100,443	4,266	16,438		16,912	71,359
J. P. Nelson.........	454,797	33,438	258,234		31,338	198,663
C. A. Nickolaus, Jr................	123,769	-0-	18,333		17,374	88,062
B. O'Connor..........	117,525	-0-	15,175		14,735	87,615
H. W. Peter III......	514,565	140,594	139,649		59,646	455,864
R. L. Rossi..........	459,557	-0-	459,557		-0-	-0-
R. D. Rothenberg.....	187,250	46,813	-0-		26,007	208,056

A. Salerno..........	117,692	-0-	36,516		10,195	70,981
F. Salerno..........	100,757	-0-	15,301		15,301	70,155
D. C. Savitsky.......	112,254	-0-	31,246		23,538	57,470
A. C. Shoup.........	118,727	-0-	16,029		16,029	86,669
C. M. Strassner......	111,050	-0-	111,050		-0-	-0-
T. M. Sullivan.......	107,125	-0-	107,125		-0-	-0-
J. R. Taddeo.........	475,723	-0-	30,606		61,370	383,747
W. A. Wuchiski.......	245,396	-0-	50,210		29,703	165,483
	$12,101,897	$5,199,344	$4,676,394		$1,949,214	$10,675,633

</TABLE>

UST AND SUBSIDIARIES

SCHEDULE II -- AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS, PROMOTERS AND EMPLOYEES OTHER THAN RELATED PARTIES -- (CONTINUED)

<TABLE>
<CAPTION>

COL. A	COL. B	COL. C	COL. D		COL. E	
			DEDUCTIONS		BALANCE AT END OF PERIOD	
NAME OF DEBTOR (A)	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	CURRENT	NOT CURRENT
<S>	<C>	<C>	<C>		<C>	<C>
Year Ended December 31, 1992						
J. Africk...........	$ 262,165	$ -0-	$ 43,524		$ 43,524	$ 175,117
L. F. Bantle.........	339,529	-0-	94,897		89,076	155,556
R. E. Barrett........	-0-	326,350	-0-		36,261	290,089
T. Baseler...........	9,280	105,169	1,046		12,731	100,672
J. J. Bucchignano....	222,891	200,625	26,478		47,803	349,235
D. L. Cerullo........	155,897	79,838	18,893		24,248	192,594
J. W. Chapin.........	278,256	478,532	36,637		88,029	632,122
R. C. Cutler.........	32,575	76,188	7,529		12,200	89,034
R. T. D'Alessandro...	98,806	86,938	12,170		21,457	152,117
V. A. Gierer, Jr.....	939,395	693,750	122,350		199,434	1,311,361
R. M. Glasscox.......	173,710	12,188	79,309		20,178	86,411
R. F. Guys...........	119,523	46,100	23,277		25,642	116,704
G. W. Hagen..........	148,274	-0-	6,495		16,639	125,140
R. E. Hanrahan.......	239,268	6,469	40,548		41,016	164,173
J. D. Harris.........	494,910	101,875	119,192		54,834	422,759
J. M. Hayes..........	60,784	231,332	13,369		32,647	246,100
R. J. Hoff...........	122,172	62,984	23,476		31,341	130,339
S. R. Hotchkiss......	136,563	73,020	26,093		21,806	161,684
C. E. Jordan.........	154,085	48,994	203,079		-0-	-0-
C. L. Keller.........	148,581	46,375	194,956		-0-	-0-
R. A. Kohlberger.....	257,897	303,828	28,028		61,787	471,910
E. D. Kratovil.......	100,962	187,250	13,279		34,084	240,849
J. J. Lamagna........	14,457	150,775	1,873		18,488	144,871
C. R. Lamonte........	50,427	57,256	5,517		8,645	93,521
R. H. Lawrence, Jr.................	424,797	173,438	49,315		68,199	480,721
I. R. Levine.........	595,380	1,127,750	445,430		194,062	1,083,638
P. E. Lindqvist......	142,304	-0-	142,304		-0-	-0-
G. F. Murray, Jr.....	81,797	34,575	15,929		16,438	84,005
J. P. Nelson.........	348,223	151,594	45,020		76,364	378,433
C. A. Nickolaus, Jr.................	83,802	53,578	13,611		18,333	105,436
B. O'Connor..........	118,846	13,913	15,234		14,735	102,790
T. B. O'Grady........	386,649	-0-	386,649		-0-	-0-
H. W. Peter III......	133,293	396,219	14,947		58,962	455,603
R. L. Rossi..........	93,703	407,500	41,646		86,924	372,633
R. D. Rothenberg.....	184,494	187,250	184,494		20,806	166,444
A. Salerno...........	30,510	95,463	8,281		14,553	103,139
F. Salerno...........	116,058	-0-	15,301		15,301	85,456
D. C. Savitsky.......	84,958	40,753	13,457		24,939	87,315
A. C. Shoup..........	134,756	-0-	16,029		16,029	102,698
C. M. Strassner......	187,426	-0-	76,376		27,763	83,287
T. M. Sullivan.......	107,125	-0-	-0-		35,708	71,417
J. R. Taddeo.........	229,454	276,875	30,606		61,370	414,353
F. M. White, Jr......	115,326	-0-	19,404		19,404	76,518
W. A. Wuchiski.......	297,998	-0-	52,602		32,656	212,740
R. J. Zima...........	130,488	-0-	130,488		-0-	-0-

$8,587,794	$6,334,744	$2,859,138		$1,744,416	$10,318,984

</TABLE>

UST AND SUBSIDIARIES

SCHEDULE II -- AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS, PROMOTERS AND EMPLOYEES OTHER THAN RELATED PARTIES -- (CONTINUED)

<TABLE>
<CAPTION>

COL. A	COL. B	COL. C	COL. D		COL. E	
			DEDUCTIONS		BALANCE AT END OF PERIOD	
NAME OF DEBTOR (A)	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	CURRENT	NOT CURRENT
<S>	<C>	<C>	<C>		<C>	<C>
Year Ended December 31, 1991						
A. W. Adams..........	$ 127,350	$ 124,875	$ 180,350		$ 7,188	$ 64,687
J. Africk............	305,689	-0-	43,524		43,524	218,641
L. F. Bantle.........	435,251	-0-	95,722		94,897	244,632
J. J. Bucchignano....	88,106	146,625	11,840		27,302	195,589
N. A. Buoniconti.....	1,191,360	-0-	1,191,360		-0-	-0-
D. L. Cerullo........	34,050	125,394	3,547		16,086	139,811
J. W. Chapin.........	183,725	116,969	22,438		34,859	243,397
R. T. D'Alessandro...	95,620	14,375	11,189		11,797	87,009
V. A. Gierer, Jr.....	751,067	363,375	175,047		122,350	817,045
R. M. Glasscox.......	247,445	28,375	102,110		25,349	148,361
R. F. Guys...........	105,582	32,813	18,872		20,519	99,004
G. W. Hagen..........	35,270	119,609	6,605		18,403	129,871
R. E. Hanrahan.......	279,565	-0-	40,297		40,297	198,971
J. D. Harris.........	554,390	416,797	476,277		54,122	440,788
R. J. Hoff...........	42,251	84,763	4,842		13,318	108,854
S. R. Hotchkiss......	-0-	143,750	7,187		14,375	122,188
C. E. Jordan.........	168,440	32,813	47,168		23,123	130,962
C. L. Keller.........	164,063	28,188	43,670		22,080	126,501
R. A. Kohlberger.....	74,238	191,452	7,793		28,028	229,869
E. D. Kratovil.......	114,241	-0-	13,279		13,279	87,683
R. H. Lawrence, Jr.................	75,947	358,000	9,150		48,928	375,869
I. R. Levine.........	699,207	448,509	552,336		64,475	530,905
P. E. Lindqvist......	163,267	-0-	20,963		30,888	111,416
J. P. Nelson.........	427,639	57,016	136,432		48,202	300,021
B. O'Connor..........	55,993	72,295	9,442		15,234	103,612
T. B. O'Grady........	-0-	1,145,626	758,977		229,125	157,524
E. H. Paules.........	131,014	20,913	150,255		1,672	-0-
H. W. Peter III......	37,485	106,250	10,442		14,937	118,356
R. L. Rossi..........	135,349	-0-	41,646		41,646	52,057
R. D. Rothenberg.....	214,203	-0-	29,709		27,851	156,643
F. Salerno...........	82,066	44,813	10,821		15,301	100,757
A. C. Shoup..........	399,004	-0-	264,248		16,029	118,727
C. M. Strassner......	193,706	-0-	6,280		76,376	111,050
T. M. Sullivan.......	39,756	107,125	39,756		35,708	71,417
J. R. Taddeo.........	273,516	-0-	44,062		30,606	198,848
J. C. Taft...........	175,523	-0-	175,523		-0-	-0-
F. M. White, Jr......	134,730	-0-	19,404		19,404	95,922
W. A. Wuchiski.......	278,771	90,297	71,070		35,770	262,228
R. J. Zima...........	180,089	-0-	49,601		49,318	81,170
	$8,694,968	$4,421,017	$4,903,234		$1,432,366	$6,780,385

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(A) Amounts represent notes arising from installment purchases of common stock under Registrant's Stock Option Plans which carry interest rates ranging from approximately 4% to approximately 9%, provide for payment over periods of up to ten years and are secured by the common stock purchased.

UST AND SUBSIDIARIES

SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT

YEAR ENDED DECEMBER 31, 1993

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS	OTHER CHANGES-- ADD (DEDUCT)-- DESCRIBE	BALANCE AT END OF PERIOD
Land......................	$ 27,290,613	$ -0-	$ 322,505	$ -0-	$ 26,968,108
Buildings.................	167,448,579	9,932,593	1,048,419	-0-	176,332,753
Machinery and equipment....	183,817,680	38,518,015	2,430,155	-0-	219,905,540
Furniture and fixtures.....	12,758,406	804,004	1,261,522	-0-	12,300,888
Motor vehicles............	14,529,220	5,215,427	4,211,157	-0-	15,533,490
Construction in progress...	18,091,382(A)	-0-	-0-	3,721,091(C)	21,812,473(A)
	$423,935,880	$54,470,039(B)	$9,273,758	$3,721,091	$472,853,252

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(A) Reclassified on the Consolidated Statement of Financial Position to land, buildings and machinery and equipment.

(B) Additions principally relate to the completion of aircraft, new equipment for the wine operations and the Nashville, Franklin Park and Hopkinsville plants, renovation of facilities, and normal replacement of existing manufacturing equipment and motor vehicles.

(C) Transfers to property accounts are included in Column C.

(D) The annual provisions for depreciation have been computed principally in accordance with the following rates:

Buildings............................	2 1/2 to 5%
Machinery and fixtures................	5 to 20%
Motor vehicles........................	20 to 33 1/3%

UST AND SUBSIDIARIES

SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT -- (CONTINUED)

YEAR ENDED DECEMBER 31, 1992

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS	OTHER CHANGES-- ADD (DEDUCT)-- DESCRIBE	BALANCE AT END OF PERIOD
Land......................	$ 27,290,613	$ -0-	$ -0-	$ -0-	$ 27,290,613
Buildings.................	161,777,048	6,022,777	351,246	-0-	167,448,579
Machinery and equipment....	178,062,113	19,500,716	13,745,149(C)	-0-	183,817,680
Furniture and fixtures.....	13,568,627	1,455,851	2,266,072	-0-	12,758,406
Motor vehicles............	13,756,908	4,422,868	3,650,556	-0-	14,529,220
Construction in progress...	11,669,098(A)	-0-	-0-	6,422,284(D)	18,091,382(A)

	$406,124,407	$31,402,212(B)	$20,013,023	$6,422,284	$423,935,880

(A) Reclassified on the Consolidated Statement of Financial Position to buildings and machinery and equipment.

(B) Additions principally relate to new equipment for the wine operations and the Nashville and Franklin Park plants, renovation of facilities, and normal replacement for existing manufacturing equipment and motor vehicles.

(C) Retirements include $7.1 million for aircraft.

(D) Net increase in account, primarily the partial cost of unfinished aircraft. Transfers to property accounts are included in Column C.

(E) The annual provisions for depreciation have been computed principally in accordance with the following rates:

Buildings	2 1/2 to 5%
Machinery and fixtures	5 to 20%
Motor vehicles	20 to 33 1/3%

UST AND SUBSIDIARIES

SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT -- (CONTINUED)

YEAR ENDED DECEMBER 31, 1991

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS	OTHER CHANGES-- ADD (DEDUCT)-- DESCRIBE	BALANCE AT END OF PERIOD
Land	$ 26,808,995	$ 482,618	$ 1,000	$ -0-	$ 27,290,613
Buildings	155,952,318	5,899,666	105,347	30,411(C)	161,777,048
Machinery and equipment	148,147,925	29,932,469	1,936,957	1,918,676(C)	178,062,113
Furniture and fixtures	12,617,411	933,757	27,432	44,891(C)	13,568,627
Motor vehicles	13,865,349	4,248,993	4,378,411	20,977(C)	13,756,908
Construction in progress	23,307,458(A)	-0-	-0-	(11,638,360)(D)	11,669,098(A)
	$380,699,456	$41,497,503(B)	$6,449,147	$ (9,623,405)	$406,124,407

(A) Reclassified on the Consolidated Statement of Financial Position to buildings and machinery and equipment.

(B) Additions principally relate to the completion of aircraft, new equipment for the wine operations and the Nashville and Franklin Park plants, vineyard development, renovation of facilities, and normal replacement for existing manufacturing equipment and motor vehicles.

(C) Increase in account represents consolidation of Camera Platforms International, Inc.

(D) Net decrease in account, primarily the reclassification of the cost of completed aircraft. Transfers to property accounts are included in Column C.

(E) The annual provisions for depreciation have been computed principally in accordance with the following rates:

Buildings..............................	2 1/2 to 5%
Machinery and fixtures.................	5 to 20%
Motor vehicles.........................	20 to 33 1/3%

UST AND SUBSIDIARIES

SCHEDULE VI -- ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

YEAR ENDED DECEMBER 31, 1993

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	RETIREMENTS	OTHER CHANGES-- ADD (DEDUCT)-- DESCRIBE	BALANCE AT END OF PERIOD
Buildings......................	$ 51,619,655	$ 5,423,713	$ 250,467		$ 56,792,901
Machinery and equipment.........	78,981,956	16,112,400	1,565,035		93,529,321
Furniture and fixtures..........	4,782,517	647,128	664,971		4,764,674
Motor vehicles..................	7,546,316	3,722,658	3,113,806		8,155,168
	$142,930,444	$25,905,899	$5,594,279		$163,242,064

UST AND SUBSIDIARIES

SCHEDULE VI -- ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT -- (CONTINUED)

YEAR ENDED DECEMBER 31, 1992

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	RETIREMENTS	OTHER CHANGES-- ADD (DEDUCT)-- DESCRIBE	BALANCE AT END OF PERIOD
Buildings.....................	$ 46,649,328	$ 5,093,796	$ 123,469		$ 51,619,655
Machinery and equipment........	72,080,120	14,311,275	7,409,439		78,981,956
Furniture and fixtures.........	5,513,296	654,358	1,385,137		4,782,517
Motor vehicles.................	6,859,223	3,505,394	2,818,301		7,546,316
	$131,101,967	$23,564,823	$11,736,346		$142,930,444

UST AND SUBSIDIARIES

SCHEDULE VI -- ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT -- (CONTINUED)

YEAR ENDED DECEMBER 31, 1991

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	RETIREMENTS	OTHER CHANGES-- ADD (DEDUCT)-- DESCRIBE	BALANCE AT END OF PERIOD
Buildings.......................	$ 41,849,606	$ 4,845,116	$ 45,394		$ 46,649,328
Machinery and equipment.........	59,917,910	13,388,193	1,225,983		72,080,120
Furniture and fixtures..........	4,894,448	639,785	20,937		5,513,296
Motor vehicles..................	6,994,752	3,391,145	3,526,674		6,859,223
	$113,656,716	$22,264,239	$4,818,988		$131,101,967

UST AND SUBSIDIARIES

SCHEDULE IX -- SHORT-TERM BORROWINGS

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
CATEGORY OF AGGREGATE SHORT-TERM BORROWINGS	BALANCE AT END OF PERIOD	WEIGHTED AVERAGE INTEREST RATE	MAXIMUM AMOUNT OUTSTANDING DURING THE PERIOD (C)	AVERAGE AMOUNT OUTSTANDING DURING THE PERIOD (D)	WEIGHTED AVERAGE INTEREST RATE DURING THE PERIOD (E)
Year ended December 31, 1993					
Commercial Paper (A)..........	-0-		$ 54,907,817	$ 33,291,162	3.22%
Notes Payable (B)............	-0-		40,000,000	4,781,362	3.69
Year ended December 31, 1992					
Commercial paper (A)..........	-0-		37,970,658	18,968,557	3.69
Year ended December 31, 1991					
Commercial paper (A)..........	-0-		13,984,033	8,009,046	5.98

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(A) Commercial paper generally matures within 90 days from date of issuance with no provision for extensions of its maturity. Amounts in 1993 are higher than in previous years due to an arbitrage program.

(B) Notes payable represent borrowings under lines of credit arrangements. In January 1994, Registrant converted this $40 million loan into a revolving credit and term loan agreement and this amount was classified as long-term debt at December 31, 1993. (See Notes to Consolidated Financial Statements -- Revolving Credit and Term Loan Agreement and Short-Term Lines of Credit.)

(C) Represents maximum amount outstanding at any time during the period.

(D) The average amount outstanding during the period was computed by dividing the total of the monthly average outstanding principal balances by twelve.

(E) The weighted average interest rate during the period was computed by dividing the actual interest expense by the average short-term debt outstanding.

UST AND SUBSIDIARIES

SCHEDULE X -- SUPPLEMENTARY INCOME STATEMENT INFORMATION

COL. A	COL. B

	CHARGED TO COSTS AND EXPENSES		
ITEM	1993	1992	1991
Maintenance and repairs	$12,262,000	$11,848,000	$11,136,000
Taxes, other than payroll and income taxes:			
Excise taxes	29,961,000	31,706,000	27,833,000
Other	8,194,000	8,467,000	8,477,000
	38,155,000	40,173,000	36,310,000
Advertising	17,615,000	14,599,000	11,246,000

Other items have been omitted as each one did not exceed one percent of revenues.

EXHIBIT INDEX

3.1	-- Restated Certificate of Incorporation dated May 5, 1992, incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarter ended March 31, 1992.
3.2	-- By-Laws adopted on December 23, 1986, incorporated by reference to Exhibit 3.2 to Form S-4 Registration Statement filed on March 20, 1987.
10.1*	-- Employment Agreement dated October 1, 1990 between UST and Joseph R. Taddeo, an Executive Officer, incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 1990.
10.2*	-- Form of Employment Agreement dated October 20, 1986 between United States Tobacco Company (subsequently assumed by UST) and one (1) Executive Officer: Vincent A. Gierer, Jr., incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 1986.
10.3*	-- Employment Agreement dated December 1, 1993 between UST and John J. Bucchignano, an Executive Officer.
10.4*	-- Form of Severance Agreement dated October 27, 1986 between United States Tobacco Company (subsequently assumed by UST) and nonexecutive officers, incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 1990.
10.5*	-- 1982 Stock Option Plan restated as of March 22, 1989, incorporated by reference to Exhibit 4.1 to Form S-8 Registration Statement filed on April 14, 1989.
10.6*	-- 1992 Stock Option Plan, effective as of May 5, 1992, incorporated by reference to Appendix A to the UST 1992 Notice of Annual Meeting and Proxy Statement dated March 27, 1992.
10.7*	-- Incentive Compensation Plan, as restated as of January 1, 1994.
10.8*	-- Officers' Supplemental Retirement Plan, as restated as of December 1, 1992, incorporated by reference to Exhibit 10.7 to Form 10-K for the fiscal year ended December 31,1992.
10.9	-- Nonemployee Directors' Retirement Plan, effective as of January 1, 1988, incorporated by reference to Exhibit 10.8 to Form 10-K for the fiscal year ended December 31, 1992.
13.1	-- Industry Segment Data pertaining to the years 1991 through 1993.
13.2	-- Market for Registrant's Common Equity and Related Stockholder Matters.
13.3	-- Selected Financial Data.
13.4	-- Management's Discussion and Analysis of Financial Condition and Results of Operations.
13.5	-- Financial Statements and Supplementary Data.
21.1	-- Subsidiaries of UST.
23.1	-- Consent of Independent Auditors.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of this Report.

EXHIBIT 10.3

EMPLOYMENT AGREEMENT

AGREEMENT made this first day of December, 1993, between UST INC., a Delaware corporation (the "Company"), and John J. Bucchignano (the "Executive").

The Executive is presently employed by the Company as Executive Vice President and Chief Financial Officer.

The Board of Directors of the Company (the "Board") recognizes that the Executive's contribution to the growth and success of the Company during the past nine years has been substantial. The Board desires to provide for the continued employment of the Executive and to make certain changes in the Executive's employment arrangements with the Company which the Board has determined will reinforce and encourage the continued attention and dedication to the Company of the Executive as a member of the Company's management, in the best interest of the Company and its shareholders. The Executive is willing to commit himself to continue to serve the Company, on the terms and conditions herein provided.

In order to effect the foregoing, the Company and the Executive wish to enter into an employment agreement on the terms and conditions set forth below. Accordingly, in consideration of the premises and the respective covenants and agreements of the parties herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Employment. The Company hereby agrees to continue to employ the Executive, and the Executive hereby agrees to continue to serve the Company, on the terms and conditions set forth herein.

2. Term. The employment of the Executive by the Company as provided in Section 1 will commence on the date hereof and end on November 30, 1996, unless further extended or sooner terminated as hereinafter provided. On November 30, 1994, and on the last day of November of each year thereafter, the term of the Executive's employment shall be automatically extended one (1) additional year unless, prior to such last day of November, the Company shall have delivered to the Executive or the Executive shall have delivered to the Company written notice that the term of the Executive's employment hereunder will not be extended. In no event, however, shall the term of the Executive's employment extend beyond the end of the calendar month in which the Executive's 65th birthday occurs.

3. Position and Duties. The Executive shall serve as Executive Vice President and Chief Financial Officer of the Company and shall have such responsibilities and authority as may from time to time be assigned to the Executive of the Board, the Chief Executive Officer of the Chief Operating Officer of the Company. The Executive shall devote substantially all his working time and efforts to the business and affairs of the Company.

4. Place of Performance. In connection with the Executive's employment by the Company, the Executive shall be based at the principal executive offices of the Company in Greenwich, Connecticut, except for required travel on the Company's business to an extent substantially consistent with present business travel obligations.

5. Compensation and Related Matters.

(a) Salary. During the period of the Executive's employment hereunder, the Company shall pay to the Executive a salary at an annual rate not less than the rate in effect as of the date hereof or such higher rate as may from time to time be determined by the Board, such salary to be payable in accordance with the Company's then regular payroll practice. This salary may be increased from time to time in accordance with normal business practices of the Company and, if so increased, shall not thereafter during the term of this Agreement be decreased. Compensation of the Executive by salary payments shall not be deemed exclusive and shall not prevent the Executive from participating in any other compensation or benefit plan of the Company. The salary payments (including any increased salary payments) hereunder shall not in any way limit or reduce any other obligation of the Company

hereunder, and no other compensation, benefit or payment hereunder shall in any way limit or reduce the obligation of the Company to pay the Executive's salary hereunder.

(b) Expenses. During the term of the Executive's employment hereunder, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in performing services hereunder, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the Company, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(c) Other Benefits. The Company shall maintain in full force and effect, and the Executive shall be entitled to continue to participate in, all of the employee benefit plans and arrangements in effect on the date hereof in which the Executive participates or plans or arrangements providing the Executive with at least equivalent benefits thereunder (including without limitation each pension and retirement plan and arrangement, supplemental pension and retirement plan and arrangement, stock option plan, life insurance and health-and-accident plan and arrangement, medical insurance plan, disability plan, survivor income plan, relocation plan and vacation plan); provided, however, that this provision shall not apply to the Company's Incentive Compensation Plan. The Company shall not make any changes in such plans or arrangements that would adversely affect the Executive's rights or benefits thereunder; provided, however, that, prior to a change in control of the Company (as defined in Section 8(d) (iii) hereof), such a change may be made if it occurs pursuant to a program applicable to all executives of the Company and does not result in a proportionately greater reduction in the rights of or benefits to the Executive as compared with any other executive of the Company. The Executive shall be entitled to participate in or receive benefits under any employee benefit plan or arrangement made available by the Company in the future to its executives and key management employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. Nothing paid to the Executive under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Executive pursuant to subsection (a) of this Section. Any payments or benefits payable to the Executive hereunder in respect of any calendar year during which the Executive is employed by the Company for less than the entire such year shall, unless otherwise provided in the applicable plan or arrangement, be prorated in accordance with the number of days in such calendar year during which he is so employed.

(d) Vacations. The Executive shall be entitled to the number of vacation days in each calendar year, and to compensation in respect of earned but unused vacation days, determined in accordance with the Company's vacation plan. The Executive shall also be entitled to all paid holidays given by the Company to its executives.

(e) Services Furnished. The Company shall furnish the Executive with office space, stenographic assistance and such other facilities and services as shall be suitable to the Executive's position and adequate for the performance of his duties as set forth in Section 3 hereof.

6. Offices. The Executive agrees to serve without additional compensation, if elected or appointed thereto, as a director of the Company and any of its subsidiaries and in one or more executive offices of any of the Company's subsidiaries, provided that the Executive is indemnified for serving in any and all such capacities on a basis no less favorable than is currently provided by Article VIII of the Company's By-Laws. The Executive further agrees that, upon the termination of the Executive's employment for any reason, he will resign any directorship held with respect to the Company or any of its subsidiaries, effective as of the Date of Termination (as defined in Section 8(f) hereof).

7. Improvements; Confidential Information. Annex I hereto, as from time to time amended, is a form of Employee Secrecy Agreement between the Executive and the Company, concerning the treatment of Improvements and Confidential Proprietary Information (as defined therein) and related matters.

8. Termination. The Executive's employment hereunder may be terminated without any breach of this Agreement only under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties hereunder on a full-time basis for the entire period of six consecutive months, and within thirty (30) days after written notice of termination is given (which may occur before or after the end of such six-month period) shall not have returned to the performance of his duties hereunder on a full-time basis, the Company may terminate the Executive's employment hereunder.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon (i) the willful and continued failure by the Executive to substantially perform his duties hereunder (other than any such failure resulting from the Executive's incapacity due to physical or mental illness), after demand for substantial performance is delivered by the Company that specifically identifies the manner in which the Company believes the Executive has not substantially performed his duties, or (ii) the willful engaging by the Executive in misconduct which is materially injurious to the Company, monetarily or otherwise (including, but not limited to, conduct that constitutes Competitive Activity, as defined in Section 10 hereof) or (iii) the willful violation by the Executive of the provisions of the Employee Secrecy Agreement in the form of Annex I hereto; provided, however, that upon the occurrence of any of the events constituting a change in control of the Company (as defined in Section 8(d)(iii) hereof), the foregoing definition of Cause shall cease to apply, and the Company shall have "Cause" to terminate the Executive's employment hereunder only if the Executive commits an act or acts of dishonesty constituting a felony under the laws of the United States or any State thereof and resulting or intended to result directly or indirectly in gain or personal enrichment at the expense of the Company. For purposes of this subsection, no act, or failure to act, on the Executive's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause without (1) reasonable notice to the Executive setting forth the reasons for the Company's intention to terminate for Cause, (2) an opportunity for the Executive, together with his counsel, to be heard before the Chief Executive Officer of the Company or his specifically designated representative, and (3) delivery to the Executive of a Notice of Termination, as defined in subsection (e) hereof, from the Chief Executive Officer of the Company or his specifically designated representative finding that in the good faith opinion of such executive or representative the Executive was guilty of conduct set forth above in clause (i), (ii) or (iii) hereof, and specifying the particulars thereof in detail.

(d) Termination by the Executive. (i) The Executive may terminate his employment hereunder (A) for Good Reason or (B) if his health should become impaired to an extent that makes his continued performance of his duties hereunder hazardous to his physical or mental health or his life, provided that the Executive shall have furnished the Company with a written statement from a qualified doctor to such effect and provided, further, that, at the Company's request, the Executive shall submit to an examination by a doctor selected by the Company and such doctor shall have concurred in the conclusion of the Executive's doctor.

(ii) For purposes of this Agreement, "Good Reason" shall mean (A) a change in control of the Company (as defined below), (B) a failure by the Company to comply with any material provision of this Agreement which has not been cured within ten (10) days after notice of such noncompliance has been given by the Executive to the Company, or (C) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of subsection (e) hereof (and for purposes of this Agreement no such purported termination shall be effective).

(iii) For purposes of this Agreement, a "change in control of the Company" shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d)of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than the Company, any "person" who on the date hereof is a director or officer of the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the

Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; (B) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (A) or (C) of this paragraph) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or (C) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(e) Any termination of the Executive's employment by the Company or by the Executive (other than termination pursuant to subsection (a) hereof) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

(f) "Date of Termination" shall mean (i) if the Executive's employment is terminated by his death, the date of his death, (ii) if the Executive's employment is terminated pursuant to subsection (b) hereof, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the performance of his duties on a full-time basis during such thirty (30)-day period), (iii) if the Executive's employment is terminated pursuant to subsection (c) hereof, the date specified in the Notice of Termination, and (iv) if the Executive's employment is terminated for any other reason, the date on which a Notice of Termination is given; provided, however, that, if within thirty (30) days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties, by a binding and final arbitration award or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

9. Compensation Upon Termination or During Disability.

(a) During any period that the Executive fails to perform his duties hereunder as a result of incapacity due to physical or mental illness ("disability period"), the Executive shall continue to receive his full salary at the rate then in effect for such period until his employment is terminated pursuant to Section 8(b) hereof, provided that payments so made to the Executive during the first 180 days of the disability period shall be reduced by the sum of the amounts, if any, payable to the Executive at or prior to the time of any such payment under disability benefit plans of the Company or under the Social Security disability insurance program, and which amounts were not previously applied to reduce any such payment. If the Executive shall terminate his employment under clause (B) of Section 8(d)(i) hereof, the Company shall pay the Executive his full salary through the Date of Termination at the rate in effect at the time Notice of Termination is given.

(b) If the Executive's employment is terminated by his death, the Company shall (i) pay to the Executive's spouse, or if he leaves no spouse, to his estate, commencing on the next succeeding payroll day (as determined in accordance with the Company's then regular payroll practice) and, thereafter, on each succeeding payroll day until a total of six payments has been made, an amount on each payment

date equal to the periodic salary payment payable to the Executive pursuant to Section 5(a) hereof at the time of his death; and (ii) provide to the Executive's surviving spouse and dependent children group medical benefits on a basis not less favorable than that to which they were entitled immediately prior to the Executive's death.

(c) If the Executive's employment shall be terminated for Cause, the Company shall pay the Executive his full salary through the Date of Termination at the rate in effect at the time Notice of Termination is given and the Company shall have no further obligations to the Executive under this Agreement.

(d) If (A) in breach of this Agreement, the Company shall terminate the Executive's employment other than pursuant to Section 8(b) or 8(c) hereof (it being understood that a purported termination pursuant to Section 8(b) or (c) hereof which is disputed and finally determined not to have been proper shall be a termination by the Company in breach of this Agreement) or (B) the Executive shall terminate his employment for Good Reason, then

(i) the Company shall pay the Executive his full salary through the Date of Termination at the rate in effect at the time Notice of Termination is given;

(ii) in lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination, the Company shall pay as severance pay to the Executive an amount equal to the product of (A) the sum of (1) the Executive's annual salary rate in effect as of the Date of Termination and (2) the highest annual amount payable to the Executive under the Company's Incentive Compensation Plan with respect to any of the three calendar years immediately preceding the Date of Termination, provided, however, that if payment results from a termination based on a change in control of the Company, the amount taken into account under this clause (2) shall in no event exceed seventy-five percent (75%) of the amount taken into account under clause (1) hereof, and (B) if payment results from a termination based on a change in control of the Company, the number three, or if payment results from any other cause, the greater of the number of years (including partial years) remaining in the term of employment hereunder or the number three; such payment to be made (X) if resulting from a termination based on a change of control of the Company, in a lump sum on or before the fifth day following the Date of Termination, or (Y) if resulting from any other cause, in substantially equal periodic installments in accordance with the Company's then regular payroll practice, commencing with the month in which the Date of Termination occurs and continuing for the number of consecutive periodic payment dates (including the first such date as aforesaid) equal to the product obtained by multiplying the number of years (including partial years) applicable under clause (B) hereof by 24 (if the Company's then regular payroll practice is semimonthly payroll dates), 26 (if the Company's then regular payroll practice is biweekly payroll dates) or such other number as is appropriate to reflect the Company's then regular payroll practice;

(iii) if termination of the Executive's employment arises out of a breach by the Company of this Agreement, the Company shall pay all other damages to which the Executive may be entitled as a result of such breach, including damages for any and all loss of benefits to the Executive under the Company's employee benefit plans (other than the Company's Incentive Compensation Plan and Employees' Savings Plan) which the Executive would have received if the Company had not breached this Agreement and had the Executive's employment continued for the full term provided in Section 2 hereof (including specifically but without limitation the benefits which the Executive would have been entitled to receive pursuant to the Company's Retirement Income Plan, the Officers' Supplemental Retirement Plan and any other supplemental retirement income plan or arrangement had his employment continued for the full term provided in Section 2 hereof at the rate of compensation specified herein), and including all legal fees and expenses incurred by him as a result of such termination; provided, however, that nothing contained in this Agreement, including without limitation in this paragraph (iii), shall be construed to entitle the Executive to be granted any stock options pursuant to any stock option plan maintained by the Company or to receive any amount in damages in lieu of the grant of such options; and further provided, however, that, if the

Date of Termination occurs prior to the occurrence of a change in control of the Company, the legal fees and expenses to which an Executive is entitled pursuant to this paragraph (iii) (and Section 16 hereof) shall not exceed, in the aggregate, the sum of $50,000.

(e) Whether or not the Executive becomes entitled to the payment provided under subsection (d)(ii) or (iii) hereof or under subsection (f) hereof, if any of the Total Payments (as hereinafter defined) will be subject to the tax (the "Excise Tax") imposed by section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive, no later than the fifth day following the Date of Termination (or such other date as is hereinafter described), an additional amount (the "Gross-Up Payment") such that the net amount retained by him, after deduction of any Excise Tax on the Total Payments and any federal and state and local income tax upon the payment provided for by this paragraph, shall be equal to the excess of the Total Payments over the payment provided for by this paragraph. For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all payments or benefits received or to be received by the Executive in connection with a change in control of the Company or the termination of the Executive's employment (whether payable pursuant to the terms of this Agreement or of any other plan, arrangement or agreement with the Company, its successors, any person whose actions result in a change in control or any person affiliated (or which, as a result of the completion of the transactions causing a change in control, will become affiliated) with the Company or such person within the meaning of section 1504 of the Code (the "Total Payments")) shall be treated as "parachute payments" (within the meaning of section 280G(b)(2) of the Code) unless, in the opinion of tax counsel selected by the Company's independent auditors and reasonably acceptable to the Executive, such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b)(4)(A) of the Code, and all "excess parachute payments" (within the meaning of section 280G(b)(1) of the Code) shall be treated as subject to the Excise Tax, unless in the opinion of such tax counsel such excess parachute payments represent reasonable compensation for services actually rendered within the meaning of section 280G(b)(4)(B) of the Code, or are not otherwise subject to the Excise Tax, and (ii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the residence of the Executive on the Date of Termination (or such other date as is hereinafter described), net of the maximum reduction in federal income taxes that could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the Date of Termination (or such other date as is hereinafter described), the Executive shall repay to the Company at the time that the amount of such reduction in Excise Tax is finally determined the portion of the Gross-Up Payment attributable to such reduction (plus the portion of the Gross-Up Payment attributable to the Excise Tax and federal and state and local income tax imposed on the Gross-Up Payment being repaid by the Executive if such repayment results in a reduction in Excise Tax or a federal and state and local income tax deduction) plus interest on the amount of such repayment at the applicable federal rate (as defined in section 1274(d) of the Code). In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of the employment of the Executive, or at such other time as is hereinafter described (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional gross-up payment in respect of such excess (plus any interest payable with respect to such excess) at the time that the amount of such excess is finally determined. If an Executive who remains in the employ of the Company becomes entitled to the payment provided for by this paragraph, such payment shall be made no later than the later of (x) the fifth day following the date on which the Executive notifies the Company that he is subject to the Excise Tax and (y) ten days prior to the date on which the Excise Tax is initially due.

(f) Unless the Executive is terminated for Cause, the Company shall maintain in full force and effect, for the continued benefit of the Executive for the greater of the number of years (including partial

years) remaining in the term of employment hereunder or the number three (3), all employee welfare benefit plans (including, but not limited to, all life insurance and health-and-accident plans and arrangements, medical insurance plans, disability plans, survivor income plans, relocation plans and vacation plans and programs) in which the Executive was entitled to participate immediately prior to the Date of Termination provided that the Executive's continued participation is possible under the general terms and provisions of such plans and programs. In the event that the Executive's participation in any such plan or program is barred, the Company shall arrange to provide the Executive with benefits substantially similar to those which the Executive would otherwise have been entitled to receive under such plans and programs from which his continued participation is barred.

(g) The Executive shall not be required to mitigate the amount of any payment provided for in this Section 9 by seeking other employment or otherwise.

10. Non competition. The Executive agrees that he will not engage in any Competitive Activity during any period with respect to which he is entitled to severance pay pursuant to Section 9(d) (ii) hereof or to employee benefits pursuant to Section 9(f) hereof; provided, however, that this provision shall cease to apply upon the occurrence of any of the events constituting a change in control of the Company. For purposes of this Section, "Competitive Activity" shall mean activity, without the written consent of an authorized officer of the Company (which consent shall not be unreasonably withheld), consisting of the Executive's participation in the management of, or his acting as a consultant for or employee of, any business operation of any enterprise if such operation (a "Competitive Operation") is then in substantial and direct competition with a principal business operation of the Company, as now or hereafter designated by the Board; provided, however, that no business operation may be designated a principal business operation of the Company unless the Company's profits, sales or assets attributable to such business operation amount to at least 10 percent (10%) of the Company's total profits, sales or assets. "Competitive Activity"

shall not include (1) the mere ownership of securities in any enterprise; or (2) the participation in the management of, or acting as a consultant for or employee of, any enterprise or any business operation thereof, other than in connection with a Competitive Operation of such enterprise, provided that the Executive does not furnish advice with respect to inventions, processes, customers, methods of distribution or methods of manufacture of any Competitive Operation of such enterprise.

11. Successors; Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if he terminated his employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 11 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

12. Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered

or (unless otherwise specified) mailed by United States certified mail, return receipt requested, postage pre-paid, addressed as follows:

If to the Executive:

John J. Bucchignano
85 Walnut Hill Road
Bethel, Connecticut 06801

If to the Company:

UST Inc.
100 West Putnam Avenue
Greenwich, Connecticut 06830

Attn: Corporate Secretary

or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

13. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company's Chief Executive Officer or such other officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement and the Employee Secrecy Agreement in the form of Annex I hereto. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware without regard to its conflicts of law principles.

14. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

16. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before a panel of three arbitrators in New York, New York, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the Employee Secrecy Agreement in the form of Annex I hereto, and the Executive hereby consents that such restraining order or injunction may be granted without the necessity of the Company's posting any bond. Subject to the provisions of Section 9(d) (iii) hereof, the expense of such arbitration (including legal fees) shall be borne by the Company.

17. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

<TABLE>

<S>	<C>
Attest:	
	UST INC.
By: s/ DEBRA A. BAKER	By: s/ JONATHAN P. NELSON
Assistant Secretary	Name: Jonathan P. Nelson
	Title: Senior Vice President and Secretary
	EXECUTIVE

s/ JOHN J. BUCCHIGNANO

John J. Bucchignano

</TABLE>

ANNEX I TO EXHIBIT 10.3

UST INC.

EMPLOYEE SECRECY AGREEMENT

THIS AGREEMENT, entered into this first day of December 1993, by and between UST Inc., a corporation existing under the laws of Delaware and having its principal offices in Greenwich, Connecticut (hereinafter referred to as "UST"), and John J. Bucchignano, residing at 85 Walnut Hill Road, Bethel, Connecticut 06801 (hereinafter referred to as the "Employee").

W I T N E S S E T H :

WHEREAS, UST (which for the purposes of this Agreement shall include its subsidiaries and affiliates) has developed and uses commercially valuable technical and non-technical information (hereinafter "Proprietary Information") and, to guard the legitimate interest of UST, it is necessary to protect the Proprietary Information either by patents or by holding its secret or confidential or to copyright such Proprietary Information as may be sought to be copyrighted; and

WHEREAS, the aforesaid Proprietary Information is vital to the success of UST's business, provides UST with commercial advantages vis-a-vis its competitors and Employee through his employment may become acquainted therewith and may contribute thereto either through inventions, discoveries, improvements or otherwise; and

WHEREAS, the disclosure of that Proprietary Information such as confidential or secret information could be very harmful to UST's business and its employees, in turn, could suffer loss;

NOW, THEREFORE, in consideration of past and present employment and in confirmation of the terms and conditions of said employment it is agreed as follows:

1. All ideas, methods, formulae, inventions, improvements and developments directly or indirectly relating to aging, curing, flavoring, manufacturing, processing and/or packaging of tobacco products and those directly or indirectly relating to other products and fields of activity of Employee's employment (whether patentable or unpatentable) made, conceived or developed by Employee alone or jointly with one or more others during the term of Employee's employment (whether at the request or suggestion of UST or otherwise and during the regular hours of work or otherwise) and within one (1) year thereafter (hereinafter called "Improvements") shall be the property of UST, and Employee shall disclose each of the same promptly and in such manner as requested by UST, including by delivery to UST of all papers, drawings, models, data and any other material relating to the Improvements. Unless and except if a specific waiver has been granted for any copyright or a renewal of such copyright or any derivative work thereof, such Improvements shall also include copyrightable works which are hereby acknowledged to be works "made-for-hire", and shall include for the benefit of UST all derivative, underlying, secondary or similar rights derived from such copyright.

2. Employee shall keep such records as UST considers desirable in

connection with the conception, disclosure and utilization of the Improvements and shall execute all proper documents to insure that UST shall have the full benefit, enjoyment, ownership, and title to Improvements, including without limitations, patent disclosures, disclosures of Proprietary Information, patent applications and assignments, trademark rights, copyrights, etc.

In the event UST is unable, for any reason whatsoever, to secure Employee's signature to any lawful and necessary documents required for the purpose stated above, Employee hereby irrevocably designates and appoints UST, and its duly authorized officers and agents, as his agent(s) and attorney(s)-in-fact to act for and on behalf of Employee, to execute and file any such documents and to do all other lawfully permitted acts to further the prosecution and issuance of any governmental grant such as letters patent, copyrights, author's certificates, etc., thereof with the same legal force and effect as if actually executed by Employee.

3. Employee anticipates that among the Proprietary Information he will receive e.g. certain confidential or trade secret information which directly or indirectly relates to the business of UST, and which he understands includes (i) the Improvements and the details of the construction and operation of machines and the processes followed by UST in the aging, curing, flavoring, processing, manufacturing and/or packaging of UST products, (ii) the volumes of the various products manufactured or sold by UST, and the relationships between the various products from the standpoint of the dollar volumes of such sales, (iii) the gross and net profits of UST products, and the sources of materials which are used to produce such products including the quantities and dollar values of such materials purchased by UST, (iv) the blending and other procedures involved in the blending and other procedures involved in producing the products manufactured or sold by UST, and (v) the sales and marketing plans and programs of or for UST including advertising, promotions, distribution, credit terms and customer information; and he will not at any time, whether during said employment or thereafter, directly or indirectly, disclose this Proprietary Information to others, except in the course of said employment, and then he shall not act contrary to specific instructions from UST.

4. Employee, upon termination of employment, shall promptly deliver to UST all drawings, blueprints, manuals, letters, notes, reports, and all other materials relating to Proprietary Information in his possession or under his control, without retaining any copies thereof.

5. If any Proprietary Information is required to be disclosed by a governmental request or in a judicial process, anyone served with such request shall promptly notify UST without first disclosing any such Proprietary Information. The obligation to notify UST assures UST that it may obtain sufficient counsel or seek a protective order or an order by the court placing such information under seal or designating such information "Proprietary Information" or "Trade Secret Information" or any such designation employed by the various state or federal statutes. Such obligation survives the termination of employment.

6. The compensation regularly and periodically paid Employee in the course of said employment by UST includes a component payment, in full, for his obligations hereunder. It is understood that UST shall pay all expenses incident to obtaining copyrights or patents or trademarks on the Improvements and to the execution and recording of assignments and other documents incident to security title thereto in UST.

7. It is understood that information presently in the public domain or which comes into the public domain without any breach of this Agreement by

Employee shall not be Proprietary Information, but the fact that UST utilizes any such information shall be Proprietary Information.

8. It is further understood that UST may conduct a yearly audit of its Proprietary Information and each employee understands that such audit is to assure that its Proprietary Information is being maintained as prescribed by the procedures established by UST.

9. As any data storage and/or retrieval system such as electronic data storage and retrieval system, laser image or image storage and/or retrieval system and the like may accumulate and/or provide access to enormous amounts of very valuable information including Proprietary Information, and further as such information may be dispersed throughout such data storage systems, and still further as such information may be manipulated to provide significant Proprietary Information retrieved from a combination of these stored data, all such data storage systems and information retrieval from same must be considered to be based on and to contain Proprietary Information. Unless such use and/or manipulation of such information in a data storage system is authorized, all such access to and/or manipulation of such information is considered to be unauthorized. Any violation of access and/or manipulation of such information in a data storage system including making a copy, in whatever form, of this information, on premises of UST or off premises of UST, is a basis for dismissal unless good cause is shown why such use and/or copying was believed to be authorized.

10. In the event Employee's employment with UST will cease, the Employee agrees to an exit interview conducted by UST which may cover, among other items, any inquiry about Proprietary Information which belongs to UST and/or is considered by UST as belonging to it.

11. The terms of this Agreement shall survive the termination of Employee's employment by UST and shall be binding upon the Employee's heirs, successors and legal representatives.

12. It is also understood that if Employee were to be employed by a competitor that Employee may be asked to sign an agreement whereby Employee will be required to reiterate and reaffirm the above terms and give a positive assurance that up to termination Employee has abided by the terms of this Agreement and during the employment with the competitor Employee will scrupulously observe and abide by the terms of this Agreement.

13. It is also understood that the term "Proprietary Confidential Information" includes any and all information of or relating to UST not otherwise publicly available including, without limitation, any such information developed by management or UST's agents or representatives pertaining to proposals or similar studies or analyses with respect to any actions of any manner whatsoever which may be taken in the event of an actual or attempted acquisition or change of control of UST.

UST Inc.

By: s/ JONATHAN P. NELSON

In have read and understand the above and I hereby agree that its conditions set forth are fair and I shall abide by them. I also agree to the issuance of a consent judgment and injunction upon violation of this Agreement which will enjoin me from future violation.

s/ JOHN J. BUCCHIGNANO
Employee

Bi-yearly Audit of Proprietary Information:

<TABLE>
<CAPTION>

DATE	PLACE	AUTHORIZED SIGNATURE OF EMPLOYER	EMPLOYEE'S SIGNATURE
<S>	<C>	<C>	<C>
19___	----------------------	----------------------	----------------------
19___	----------------------	----------------------	----------------------

</TABLE>

EXHIBIT 10.7

As Amended Through February 16, 1994

UST INC.

INCENTIVE COMPENSATION PLAN

(Formerly the United States Tobacco
Incentive Compensation Plan)

Restated as of January 1, 1990, December 1, 1992,
and January 1, 1994

PURPOSE OF PLAN

The purpose of this Plan is to provide a special incentive for designated employees of the Company to increase the profits of the Company, including its Branches, Divisions and Subsidiaries, by rewarding superior performance of duties with annual bonuses calculated on the basis of the responsibility of the position held by the Participant, and the degree of excellence of his performance of duties.

SECTION 1.

DEFINITIONS

As used herein, unless otherwise required by the context, the following terms shall have these meanings:

1.1 "Company" shall mean UST Inc., a Delaware corporation, and its Branches, Divisions and wholly owned Subsidiaries now held or hereafter acquired. "Parent Company" shall mean UST Inc. separate from its subsidiaries.

1.2 "Fund" or "Incentive Compensation Fund" shall mean the amount available for distribution for a particular Plan Year, determined in the manner provided in Section 3.1.

1.3 "Incentive Plan Income" shall mean the net earnings of the Company for a particular Plan Year computed in accordance with generally accepted accounting principles applied on a consistent basis, plus provisions for taxes based upon or measured by net income and the amount of the Incentive Compensation Fund.

Subsidiaries acquired during the Plan Year which are accounted for as a pooling of interests in the financial statements and accounts of the Company shall, for the purpose of computing the Fund only, be accounted for as purchases and only the results of operations of such subsidiaries subsequent to the dates of acquisition shall be included in the computation of Incentive Plan Income.

1.4 "Stockholders' Equity" shall mean the total of the capital stock, additional paid-in capital and retained earnings (earned surplus) of the Parent Company, less the cost of treasury shares, all as at the beginning of the year, adjusted for the daily average of amounts resulting from the sales or other issuance of shares of the capital stock of the Parent Company, or from purchases of its capital stock, during the year.

1.5 "Board" or "Board of Directors" shall mean the board of directors of the Parent Company.

1.6 "Committee" shall mean the Incentive Compensation Plan Committee appointed from time to time by the Board to administer the Plan.

1.7 "Salary" shall mean the regular basic salary of a participant for the entire calendar year exclusive of incentive compensation, overtime, awards, supplements to salary of any kind, and contributions of the Company to or under any other plan of the Company for the benefit of employees.

1.8 "Participant" shall mean, with respect to any Plan Year, an employee of the Company who is, pursuant to Section 2.1 of the Plan, eligible to participate in the Plan and who is, pursuant to Section 3.2 of the Plan, selected to participate therein.

1.9 "Incentive Weight" shall mean a percentage of Salary determined by the Committee for the purpose of determining the performance points to be awarded to Participants in the Plan for any Plan Year.

1.10 "Branch," "Division" and "Subsidiary" are those components of the entire business venture of the Parent Company whether operated in the legal form of separately incorporated entities or as departments or profit-center units of the Parent Company and shall include those hereafter created, formed or acquired unless the Board of Directors shall otherwise by resolution determine in any particular instance and at any time.

1.11 "Continuous Employment" shall mean a period of uninterrupted service in the full-time employ of the Company. Temporary absences or interruptions during a period of Government service or leaves of absence approved by the Committee shall not be considered terminations of service.

1.12 "Plan Year" shall be the twelve calendar months of the fiscal year of the Parent Company.

1.13 "Plan" shall mean the UST Inc. Incentive Compensation Plan set forth herein, as amended from time to time.

SECTION 2.

2.1 Any full-time employee of the Company who is determined by the Committee to have made a meaningful contribution to the Company for a particular Plan Year shall be eligible to be a Participant for such Plan Year. Inclusion of the name of any employee in a list or schedule for distribution of the Fund for any particular year shall, as to that year, constitute a designation by the Committee and no further or other act shall be required to establish the eligibility of an employee.

2.2 Termination of employment prior to the end of a Plan Year for any reason shall not affect an employee's eligibility for that portion of the year prior to termination, but if such employee is designated as a Participant for such Plan Year in accordance with Section 2.1, the share of that Participant shall be determined as provided in Section 4.7.

SECTION 3.

DETERMINATION OF INCENTIVE COMPENSATION FUND

3.1 The Incentive Compensation Fund shall be the sum of the following portions of Incentive Plan Income for each Plan Year:

1% of the first	$1,000,000
2% of the next	1,500,000
3% of the next	2,500,000
4% of the next	3,500,000
5% of amounts over	8,500,000

provided, however, that no Fund shall be deemed to have been earned, and none shall be distributed for any Plan Year, unless (a) a cash dividend shall have been declared and paid on the common stock of the Parent Company in such year, and (b) the Incentive Plan Income shall have exceeded 12% of Stockholders' Equity for that year. A statement of the amount of the Fund shall be prepared under the direction of and certified by the Controller as soon after the close of the Plan Year as may conveniently be done, and be delivered to the Committee. The Nominating and Compensation Committee of the Parent Company's Board of Directors (the "Compensation Committee") shall certify in a writing prior to the payment of any Incentive Compensation that the foregoing conditions have been satisfied.

3.2 Upon receipt of the statement described in Section 3.1 above, based upon the amount of the Fund as certified therein and subject to the other provisions of the Plan, including Section 3.3 hereof, the Committee shall with all reasonable dispatch determine who shall participate and the amount of Incentive Compensation payable to each Participant in accordance with the terms of the Plan, and shall thereupon furnish to the Controller a list or schedule showing:

(a) the names of all Participants,

(b) the incentive group, A or B, of each Participant,

(c) the Incentive Weight of each Participant,

(d) the performance points of each Participant,

(e) the adjustment factor applicable to the Participants in each incentive group, and

(f) the amount of Incentive Compensation payable to each Participant.

3.3 Subject to applicable provisions of Section 4, the Committee shall for each Plan Year, with respect to Participants who are "executive officers" (as defined in Rule 3b-7 issued under Section 3 of the Securities Exchange Act of 1934, as amended) of the Parent Company during such Plan Year (the "Executive Officers"), recommend the amount of Incentive Compensation payable to each such Participant and submit its recommendation to the Compensation Committee. Payments of Incentive Compensation with respect to the Executive Officers shall be subject to the approval of the Compensation Committee.

SECTION 4.

DISTRIBUTION OF INCENTIVE COMPENSATION FUND

4.1 The Fund shall be divided by the Committee into two portions, for Group A and Group B Participants, respectively. Such portions for each Plan Year shall be determined by the Committee, but in no event shall the Group A portion exceed 50% of the Fund.

4.2 The employees eligible to be designated by the Committee, in accordance with Section 2.1, as Group A Participants for a Plan Year shall be the employee-directors of the Parent Company, the principal officers of the Parent Company and such other officers of the Company as the Committee may from time to time select. All Executive Officers shall be designated as Group A Participants for each Plan Year.

4.3 The employees eligible to be designated by the Committee, in accordance with Section 2.1, as Group B Participants for a Plan Year shall be those employees of the Company other than employees designated as Group A Participants.

4.4 As to each group and for each Plan Year, without reference to any prior Plan Year, an Incentive Weight as defined in Section 1.9 above will be determined for each Participant in such group, taking into account the other provisions of the Plan and any and all factors deemed to be relevant to the evaluation of individual performance, including, but not limited to, general knowledge and repute, personal observations, importance of the individual employee's duties, responsibilities, complexity of his work, skills required, attendance record and attitude, performance of duties, attainment of corporate objectives, and such other grounds for judgment as are deemed appropriate; Incentive Weights shall be expressed in percentages, but in no event shall they exceed 40% for any Participant.

4.5 The allocation of the Fund within each group shall be determined by multiplying the Salary of each Participant in group by the Incentive Weight determined by the Committee for such Participant. The product thereof shall be the performance points of such Participant. The total performance points of each group shall then be compared with the total number of dollars of the Fund applicable to each group, and an adjustment factor derived therefrom from each group by dividing the performance points into the number of dollars of the Fund for the group. Within each group the performance points of each Participant shall be adjusted by multiplying such points by the adjustment factor for that group. The performance points as so adjusted shall be the amount of Incentive Compensation payable to each such Participant in the Plan for that Plan Year.

4.6 Incentive Compensation payments shall be made in cash as soon after the completion of the several computations as may be practicable, provided, however, that as to Group A Participants, an election may be made prior to the commencement of each Plan Year in writing addressed and delivered to the Chairman of

the Committee as to whether or not the Participant desires to receive his Incentive Compensation when available for distribution or wishes to defer its payment until a specified date after the date of his retirement. If no such election is made, payment shall be made currently and not deferred. Any such deferred payment shall be wholly vested in the Participant upon the final determination of the amount thereof and in the event of his death prior to payment shall be paid to the legal representative of his estate, or, in the event of termination of employment for any reason prior to retirement, shall be paid within thirty (30) days thereafter to the Participant or to his order. No interest shall accrue on deferred payments regardless of the period of deferment.

4.7 In the event an employee who is designated as a Participant for a Plan Year under Sections 2.1 and 3.2 had terminated employment for any reason during such Plan Year, he shall not forfeit Incentive Compensation for such Plan Year but he shall be entitled to receive pro rata compensation according to the number of whole months of continuous Employment prior to such termination in that Plan Year.

4.8 Notwithstanding any other provisions of the Plan, in no event shall the amount of Incentive Compensation payable for any Plan Year to the Chief Executive Officer of the Company exceed 15% of Fund A; nor shall the amount of Incentive Compensation payable for any Plan Year to any other Executive Officer exceed 12% of Fund A, provided that in each case the Compensation Committee shall have the discretion to award less than the indicated maximum amount. If less than the indicated maximum amount is allocated to any Executive Officer for any Plan Year, the excess of the maximum amount over the actual amount of the award may not be used to increase the maximum award to any other Executive Officer.

SECTION 5

ADMINISTRATION

5.1 The Incentive Compensation Plan shall be administered by a Committee of three (3) to six (6) members, as determined from time to time by the Board, subject to the provisions of Section 3.3 and applicable provisions of Section 4 hereof. Such members shall be appointed from time to time by the Board, upon recommendation by the Chief Executive Officer of the Parent Company. Not less than a majority of the Committee shall be members of the Board.

5.2 The President or Chief Executive Officer of the Parent Company shall be a member and Chairman of the Committee. The Committee shall select one of its members to act as Secretary and shall authorize one or more of its members to execute or deliver any instruments or to make any certificates in behalf of the Committee.

5.3 Members of the Committee shall serve without special remuneration but shall be entitled to be reimbursed for reasonable expenses necessarily incurred in the performance of their duties as Committee members. They shall not be liable for any acts or omissions to act unless the same are due to their willful misconduct or gross negligence.

5.4 Committee action may be taken by the concurrence, in assembled meeting or otherwise, of a simple majority of the full Committee, provided that all members have been fully informed and given opportunity to record their concurrence or disagreement. At any meeting of the Committee, a quorum for the transaction of any business shall consist of a simple majority of the full number of the Committee regardless of vacancies.

5.5 The Secretary selected by the Committee shall keep full and accurate minutes of all meetings and records of the actions of the Committee, and these minutes and records shall be at all times open to inspection by the members of the Board of Directors. The Secretary shall annually transmit to the Board certified copies of the statements or schedules described in Sections 3.1 and 3.2 promptly upon completion thereof.

5.6 The Plan is designed to comply with the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, with respect to "qualified performance-based compensation" paid to Participants who are "covered employees," each as defined in such Section 162(m), and shall be interpreted accordingly.

SECTION 6.

AMENDMENT, TERMINATION OR MODIFICATION OF THE PLAN

6.1 The Plan may be amended from time to time or terminated by the stockholders of the Parent Company or by the Board of Directors; provided, however, that no amendment of the Plan shall be made without the approval of stockholders if such amendment would (i) change the method of calculation of the Fund, (ii) make less restrictive the existing restrictions on the distribution of the Fund contained in clauses (a) and (b) of Section 3.1, or (iii) increase to more than 50% the proportion of the Fund payable for any Plan Year to employees who are either employee-directors or principal officers of the Parent Company.

6.2 In the event of a change in the Parent Company's fiscal year, this Plan shall apply, with appropriate pro rata adjustments, to any intermediate period not consisting of twelve months, and shall then apply to each fiscal year following, and the term "Plan Year" shall under such circumstances be deemed to refer to the Parent Company's fiscal year.

6.3 No employee, Participant or group of employees or Participants shall have any right or vested interest in the continuation of this Plan at any time, nor, by being a Participant, have any right or vested interest in continuation of his employment or of his status as a Participant, or of his rate of compensation.

6.4 No right or interest of any Participant under this Plan shall be subject to anticipation, assignment, pledge, or charge, in whole or in part, either directly or by operation of law or otherwise, including, but without limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or any other manner, but excluding devolution by death or mental incompetency, and any attempt to anticipate, assign, pledge or charge any such right or interest shall be void and no right or interest of any Participant under this Plan shall be liable for, or subject to, any obligation or liability or tort of such Participant. If any Participant shall attempt to anticipate, assign, pledge or charge (except as specifically provided herein) any of his rights or interests hereunder or if such rights or interests shall be subjected to execution, levy, garnishment, attachment, pledge or bankruptcy, then such rights or interests shall, in the discretion of the Committee, cease and terminate and in that event the Committee may hold or apply the same or any part thereof to or for the benefit of such Participant or his estate in such manner and in such proportion as the Committee may think proper.

EXHIBIT 13.1

UST

CONSOLIDATED INDUSTRY SEGMENT DATA
(IN THOUSANDS)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
NET SALES TO UNAFFILIATED CUSTOMERS			
Tobacco			
Smokeless tobacco	$ 930,465	$ 832,929	$732,149
Other tobacco products	21,124	51,048	41,054
	951,589	883,977	773,203
Wine	80,205	70,458	60,985
Other	81,489	87,603	73,374
Elimination of intersegment sales	(2,880)	(2,663)	(3,135)
Net sales	$1,110,403	$1,039,375	$904,427
OPERATING PROFIT			
Tobacco	$572,062	$508,775	$438,633
Wine	6,126	4,770	3,738
Other	9,228	9,630	2,311
Operating profit	587,416	523,175	444,682
Corporate expenses	(22,664)	(22,412)	(20,877)
Interest income, net	2,004	1,866	2,279
Gain on disposal of product line	35,029	- 0 -	- 0 -
Earnings before income taxes and cumulative effect of accounting changes	$601,785	$502,629	$426,084
IDENTIFIABLE ASSETS at December 31			
Tobacco	$394,805	$371,560	$347,822
Wine	167,157	150,527	137,433
Other	95,674	91,620	80,679
Corporate	48,559	60,258	90,579
	$706,195	$673,965	$656,513
CAPITAL EXPENDITURES			
Tobacco	$38,797	$19,438	$17,008
Wine	9,354	8,604	8,874
Other	3,648	732	1,163
Corporate	2,711	1,279	1,360
	$54,510	$30,053	$28,405

DEPRECIATION			
Tobacco	$17,069	$15,158	$14,611
Wine	5,877	5,265	4,493
Other	2,027	2,287	2,294
Corporate	933	855	866
	$25,906	$23,565	$22,264

</TABLE>

EXHIBIT 13.2

UST

DIVIDENDS AND STOCK PRICES

CASH DIVIDENDS

The Company increased its 1993 cash dividend by 20 percent to an annual rate of 96 cents per share. Since 1990, the dividend rate has increased 74.5 percent reflecting an average annual increase of 20.4 percent. Total cash dividends paid by the Company in 1993 were $199.7 million or 57.2 percent of net earnings. Cash dividends paid to stockholders have exceeded 50 percent of net earnings in each of the last three years.

In December 1993, the Board of Directors approved a first quarter 1994 dividend of 28 cents per share. This equates to an indicated annual rate of $1.12 and represents an increase of 16.7 percent. The Company has paid cash dividends without interruption since 1912. Future dividends depend on many factors, including internal estimates of future performance and the Company's need for funds.

STOCK PRICES

UST shares are traded on the New York Stock Exchange and the Pacific Stock Exchange, ticker symbol -- UST.

The number of stockholders of record at December 31, 1993 was 13,601. The following table sets forth dividends paid per share and the high and low market prices for the year and each quarter of 1993 and 1992.

<TABLE>
<CAPTION>

	CASH DIVIDENDS PAID	MARKET PRICE PER COMMON SHARE	
		HIGH	LOW
<S>	<C>	<C>	<C>
1st Quarter			
1993	$ .24	$32 3/4	$24 3/4
1992	.20	33 1/4	26 3/4
2nd Quarter			
1993	.24	30 7/8	25 7/8
1992	.20	32 1/2	25 3/8
3rd Quarter			
1993	.24	29 7/8	26 1/4
1992	.20	33	28 1/4
4th Quarter			
1993	.24	31 3/8	24 3/8
1992	.20	35 3/8	30 1/8
Year			
1993	.96	32 3/4	24 3/8

1992................................	.80	35 3/8	25 3/8

</TABLE>

EXHIBIT 13.3

UST

CONSOLIDATED SELECTED FINANCIAL DATA -- 11 YEARS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

SUMMARY OF OPERATIONS for the year ended December 31	1993	1992	1991
Net sales	$1,110,403	$1,039,375	$904,427
Cost of products sold	246,445	256,796	227,546
Selling, advertising and administrative expenses	299,206	281,816	253,076
Operating income	564,752	500,763	423,805
Other income (expense):			
Interest income (expense) net	2,004	1,866	2,279
Gain on disposal of product line	35,029	- 0 -	- 0 -
Earnings before income taxes and cumulative effect of accounting changes	601,785	502,629	426,084
Income taxes	232,893	190,071	160,179
Earnings before cumulative effect of accounting changes	368,892	312,558	265,905
Cumulative effect of accounting changes (net of income tax benefit)	19,846	- 0 -	- 0 -
Net earnings	$ 349,046	$ 312,558	$265,905
PER SHARE DATA			
Primary earnings per common share before cumulative effect of accounting changes	$1.71	$1.41	$1.18
Primary earnings per common share	1.62	1.41	1.18
Dividends per common share	.96	.80	.66
Market price per common share:			
High	32 3/4	35 3/8	33 7/8
Low	24 3/8	25 3/8	16 3/8
FINANCIAL CONDITION at December 31			
Current assets	$334,996	$330,208	$305,430
Current liabilities	106,642	81,208	95,455
Working capital	228,354	249,000	209,975
Ratio of current assets to current liabilities	3.1:1	4.1:1	3.2:1
Total assets	706,195	673,965	656,513
Long-term debt	40,000	- 0 -	- 0 -
Deferred taxes	7,955	46,358	50,928
Stockholders' equity	462,972	516,606	482,875
OTHER DATA			
Common stock repurchased	$236,704	$212,581	$184,424
Dividends paid on common shares	$199,725	$167,951	$139,670
Dividends paid as a percentage of net earnings	57.2%	53.7%	52.5%
Return on net sales	31.4%	30.1%	29.4%
Return on average assets	50.6%	47.0%	41.6%
Return on average stockholders' equity	71.3%	62.5%	55.6%
Percent of long-term debt to stockholders' equity	8.6%	- 0 -	- 0 -
Average number of common shares (in thousands) -- primary	215,719	222,033	225,130

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</TABLE>

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See Management's Discussion and Analysis.
All share data have been adjusted to reflect the two-for-one stock splits distributed on January 27, 1992, 1989 and 1987.
Net sales, cost of products sold and selling, advertising and administrative expenses for previous years have been reclassified to conform to the 1993 presentation.

<TABLE>
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	1990	1989	1988	1987	1986	1985	1984	1983
<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C> <C>
	$761,741	$679,322	$615,614	$573,298	$516,031	$478,347	$442,367	$382,700
	191,824	185,464	174,560	168,942	158,719	156,783	156,000	146,795
	220,927	195,433	180,839	166,957	157,038	144,442	121,314	94,677
	348,990	298,425	260,215	237,399	200,274	177,122	165,053	141,228
	3,203	3,190	1,068	(2,768)	(5,534)	(5,898)	(5,147)	(4,688)
	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
	352,193	301,615	261,283	234,631	194,740	171,224	159,906	136,540
	128,918	111,128	99,133	103,760	90,802	77,695	76,179	65,892
	223,275	190,487	162,150	130,871	103,938	93,529	83,727	70,648
	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
	$223,275	$190,487	$162,150	$130,871	$103,938	$ 93,529	$ 83,727	$ 70,648
	$.98	$.82	$.70	$.56	$.46	$.41	$.36	$.30
	.98	.82	.70	.56	.46	.41	.36	.30
	.55	.46	.37	.30	.24 1/2	.21 1/2	.18	.14 1/2
	18 1/4	15 3/8	10 1/2	8	5 5/8	4 7/8	5 3/8	5
	12 3/8	9 5/8	6	4 7/8	3 3/4	3 5/8	3 7/8	2 5/8
	$265,854	$275,954	$291,006	$260,530	$250,460	$222,378	$183,927	$175,518
	68,660	66,643	69,935	63,242	60,895	55,732	65,077	53,116
	197,194	209,311	221,071	197,288	189,565	166,646	118,850	122,402
	3.9:1	4.1:1	4.2:1	4.1:1	4.1:1	4.0:1	2.8:1	3.3:1
	622,595	630,155	597,955	548,951	523,927	468,125	408,465	372,843
	3,060	6,789	21,828	37,131	47,061	57,039	35,999	39,488
	53,301	55,108	52,939	47,465	44,412	31,978	26,298	20,203
	473,873	482,254	453,253	401,113	371,559	323,376	281,091	260,036
	$151,259	$97,517	$67,356	$50,865	$9,907	$16,288	$30,310	- 0 -
	$118,295	$101,197	$81,672	$66,789	$54,744	$47,835	$40,494	$32,493
	53.0%	53.1%	50.4%	51.0%	52.7%	51.1%	48.4%	46.0%
	29.3%	28.0%	26.3%	22.8%	20.1%	19.6%	18.9%	18.5%
	35.6%	31.0%	28.3%	24.4%	21.0%	21.3%	21.4%	20.0%
	46.7%	40.7%	38.0%	33.9%	29.9%	30.9%	30.9%	29.5%
	.6%	1.4%	4.8%	9.3%	12.7%	17.6%	12.8%	15.2%
	227,667	233,305	230,417	232,370	227,142	228,350	234,140	233,600

</TABLE>

EXHIBIT 13.4

UST

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

CONSOLIDATED RESULTS

1993 COMPARED WITH 1992

Consolidated net sales rose to $1.11 billion, a 6.8 percent increase over 1992.

Tobacco segment sales increased 7.6 percent, and accounted for 95.2 percent of the $71 million sales increase. The Wine segment also contributed to the overall sales gain, posting a 13.8 percent increase. Other segment sales were lower due to the absence of Zig-Zag cigarette papers and related products resulting from the sale of its distribution rights on March 31, 1993.

Over the last three years, net sales have increased 45.8 percent at an average annual rate of 13.5 percent.

Cost of products sold decreased 4 percent to $246.4 million. Cost of products sold for the Tobacco segment was lower due to significant volume declines for other tobacco products which was partially offset by higher unit costs and increased unit volume for moist smokeless tobacco. Costs for the Other segment were lower primarily due to the absence of cigarette papers, while Wine segment unit costs were higher.

Gross profit increased $81.4 million, or 10.4 percent over 1992 primarily due to higher selling prices and increased unit volume for moist smokeless tobacco.

The gross profit percentage rose to 77.8 percent mainly due to the favorable results for moist smokeless tobacco and volume declines for lower margin products. The gross profit percentage has increased 3 percentage points over the last three years.

Selling, advertising and administrative expenses rose 6.2 percent to $299.2 million. Selling and advertising expenses increased for all segments. Administrative and other expenses were generally lower, with increases in salary and related costs being offset by lower spending in other areas and gains recorded on the sale of corporate investments.

Operating income increased 12.8 percent in 1993 to $564.8 million.

The Company realized net interest income as a result of income from cash equivalent investments exceeding interest expense.

Results for 1993, as compared to 1992, were affected by several developments. The Company sold its distribution rights for Zig-Zag cigarette papers and related products on March 31, 1993 for $39 million in cash and additional consideration based on future earnings for the next ten years. This transaction resulted in an after-tax gain of $22 million, amounting to 10 cents per share. The absence of these products in operating results for the remainder of 1993 reduced primary earnings per share by 2 cents. In addition, the "Omnibus Budget Reconciliation Act," which increased the statutory corporate federal income tax rate to 35 percent retroactive to January 1, 1993, reduced primary earnings per share by 3 cents for the year.

In the first quarter of 1993 the Company adopted Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS No. 109, "Accounting for Income Taxes." As a result of adopting SFAS No. 106 the Company recorded a one-time charge to net earnings of $32.7 million. The adoption of SFAS No. 109 resulted in an increase in net earnings of $12.8 million. The cumulative effect of these accounting changes reduced primary earnings per share by 9 cents for the year.

Profit margins rose to 54.2 percent on earnings before income taxes and the cumulative effect of accounting changes of $601.8 million. Over the last three years, earnings before income taxes and the

cumulative effect of accounting changes have increased 70.9 percent at an average annual rate of 19.6 percent, while pretax margins have averaged 49.9 percent.

The overall tax rate for 1993 increased due to the higher statutory corporate federal income tax rate.

Net earnings increased for the 33rd consecutive year rising 11.7 percent to $349 million. Primary earnings per share before the cumulative effect of accounting changes rose to $1.71, a 21.3 percent increase over 1992, and have increased 74.5 percent over the last three years at an average annual rate of 20.4 percent. Primary earnings per share, after the cumulative effect of accounting changes, rose to $1.62, a 14.9 percent increase over 1992. Primary earnings per share have increased 65.3 percent over the last three years at an average annual rate of 18.3 percent.

1992 COMPARED WITH 1991

Certain amounts reported in 1992 and 1991 have been reclassified to conform to the 1993 presentation. (See Wine segment for additional information.)

Consolidated net sales rose 14.9 percent to $1.04 billion.

The Tobacco segment accounted for 82.1 percent of the $134.9 million sales increase. The Wine and Other segments also contributed to the sales increase, posting gains of 15.5 percent and 19.4 percent, respectively.

Cost of products sold increased 12.9 percent to $256.8 million, primarily due to increased unit sales and higher unit costs for other tobacco products, moist smokeless tobacco and wine. Volume gains for businesses in the Other segment also contributed to the increase.

Gross profit increased $105.7 million, or 15.6 percent over 1991, primarily due to higher selling prices and increased unit volume for moist smokeless tobacco.

The gross profit percentage for 1992 rose slightly to 75.3 percent with the increase of moist smokeless tobacco margins being partially offset by lower margins for other tobacco products and the Wine segment.

Selling, advertising and administrative expenses rose 11.4 percent to $281.8 million. Selling and advertising expenses increased in all segments. Administrative and other expenses were generally higher, primarily due to salary and related costs.

Interest income resulted as income from cash equivalent investments exceeded interest expense.

Pretax profit margins rose to 48.4 percent on earnings before taxes of $502.6 million.

The overall tax rate for 1992 remained stable.

Net earnings increased 17.5 percent to $312.6 million. Primary earnings per share rose to $1.41, a 19.5 percent increase over 1991.

TOBACCO SEGMENT

1993 COMPARED WITH 1992

Tobacco segment sales increased 7.6 percent to $951.6 million and accounted for 85.7 percent of consolidated revenues. Smokeless tobacco sales increased 11.7 percent to $930.5 million, representing 83.8 percent of consolidated sales. Other tobacco product sales decreased significantly due to lower unit volume of imported cigarettes.

The increase in smokeless tobacco sales resulted from higher selling prices and unit volume gains for moist smokeless tobacco. Unit volume results for both the year and fourth quarter of 1993 included one less shipping day as compared with the similar periods in 1992. Domestic unit volume for moist smokeless tobacco products increased 2.3 percent in 1993 to 611.6 million cans, as compared with the similar period for 1992, and would have increased 3.1 percent on an equivalent shipping day basis. Fourth quarter unit volume remained

stable on sales of 152 million cans, compared with the similar 1992 period, and would have increased 3 percent on an equivalent shipping day basis.

Moist smokeless tobacco unit costs increased slightly due to higher leaf tobacco costs and increased excise taxes imposed January 1, 1993. Cost of sales for the Tobacco segment were significantly lower due to decreased unit volume for other tobacco products which have higher unit costs as compared to moist smokeless tobacco.

Gross profit for the segment rose substantially during 1993. Higher selling prices and unit volume gains for moist smokeless tobacco were the primary reasons for the increase.

Selling expenses increased 12.9 percent, primarily due to higher costs associated with promotional activities as well as higher salaries and increased expenses for the sales force.

Advertising costs increased significantly as compared with the prior year. Selling and advertising expenses were directed at the promotion and support of our moist smokeless tobacco products, including the two new flavors which were introduced during the year. Administrative expenses were lower as increased salary and related costs were offset by lower spending in other areas.

Operating profit increased 12.4 percent to $572.1 million.

1992 COMPARED WITH 1991

Tobacco segment sales rose to $884 million for an increase of 14.3 percent and accounted for 85 percent of consolidated revenues. Smokeless tobacco sales increased 13.8 percent to $832.9 million, and represented 80.1 percent of consolidated sales. Other tobacco product sales increased significantly due to higher unit volume of imported cigarettes.

The increase in smokeless tobacco sales resulted from higher selling prices and unit volume gains for moist smokeless tobacco. Domestic unit volume for moist smokeless tobacco products increased 3.7 percent in 1992, to 597.8 million cans.

Moist smokeless tobacco unit costs increased slightly due to higher leaf tobacco costs. Cost of sales for other tobacco products were substantially higher, primarily due to volume gains and higher unit costs.

Gross profit for the segment rose substantially during 1992 as a result of higher selling prices and unit volume gains for moist smokeless tobacco.

Selling expenses increased 6.9 percent, primarily due to higher salaries and increased expenses for the sales force and higher costs associated with promotional activities. Advertising costs increased significantly as compared with the prior year. Selling and advertising expenses were aimed at supporting and expanding consumer awareness of our moist smokeless tobacco products. Administrative expenses were higher primarily due to increased salary and related costs.

Operating profit increased 16 percent to $508.8 million.

WINE SEGMENT

1993 COMPARED WITH 1992

Wine segment revenue increased 13.8 percent to $80.2 million and accounted for 7.2 percent of consolidated sales. Higher case volume for premium wine accounted for the increase. Case volume for premium wine increased 14.4 percent, while overall case volume for the Wine segment increased 7.6 percent. Chateau Ste. Michelle and Columbia Crest, our two leading brands of premium wine, accounted for approximately 69 percent of total wine revenue.

Overall, unit costs increased primarily due to higher grape costs resulting from low harvest yields in 1991 and prior years.

The Company uses grapes both harvested from its own vineyards and purchased from regional independent growers in its wine production. For the second consecutive year, the 1993 grape harvest yields experienced by the Company and throughout the region were exceptional. Total grape tonnage harvested and purchased in 1993 was significantly higher than in 1992 resulting in increased inventory levels. The outstanding harvest in 1993 will continue to assist the Company in meeting its expanding requirements for premium brands and will have a favorable effect on future unit costs.

Gross profit for the Wine segment increased 10.7 percent primarily as a result of an increase in premium wine case volume partially offset by higher unit costs.

Selling, advertising and administrative expenses increased in 1993. Selling expenses increased primarily to support higher volume levels of premium brands.

Advertising expenses were higher and were aimed at supporting and expanding national brand awareness of our existing premium wines and recently introduced products.

Administrative and other expenses were slightly lower as compared to 1992, as higher salary and related costs were offset by lower spending in other areas.

The Wine segment recorded an operating profit of $6.1 million in 1993, an increase of 28.4 percent over 1992.

1992 COMPARED WITH 1991

In 1993, the Company reclassified certain discounts and allowances which were previously included in selling expense, to sales and cost of sales, to better reflect competitive market conditions. All prior period amounts have been reclassified to conform to the 1993 presentation.

Wine segment revenue increased 15.5 percent to $70.5 million and accounted for 6.8 percent of consolidated sales. Higher case volume for premium wine accounted for the increase. Overall case volume for the Wine segment increased 12.3 percent, while case volume for premium wine increased 14 percent.

Overall, unit costs increased primarily due to higher grape costs resulting from low harvest yields in prior years.

Total grape tonnage harvested and purchased in 1992 was higher than in 1991, resulting in increased inventory levels which will provide lower future unit costs. However, unit costs for 1993 will continue to reflect higher costs due to lower harvest yields in prior years.

Gross profit for the Wine segment increased 6.9 percent primarily as a result of an increase in premium wine case volume.

Selling, advertising and administrative expenses increased in 1992. Selling expenses increased primarily due to promotions and expenses incurred to support higher volume levels of premium brands.

Advertising expenses increased and were focused on supporting and expanding national brand awareness of Columbia Crest.

Administrative expenses increased due to higher salary and related costs.

The Wine segment recorded an operating profit of $4.8 million in 1992.

OTHER SEGMENT

1993 COMPARED WITH 1992

Other segment sales were $81.5 million, a 7 percent decrease from 1992, and accounted for 7.3 percent of consolidated sales. Other segment sales were lower due to the sale of the distribution rights for Zig-Zag cigarette papers and related products on March 31, 1993. The absence of these products for the remainder of 1993 had an adverse effect on the operating results for the Other segment and will continue to have an adverse effect in the first quarter of 1994.

Operating profit was significantly lower for tobacco-related products due to the sale of the cigarette paper business, but was partially offset by favorable results for other businesses. Overall, the Other segment recorded an operating profit of $9.2 million in 1993.

1992 COMPARED WITH 1991

Other segment sales rose 19.4 percent to $87.6 million and accounted for 8.4 percent of consolidated sales. Volume gains and higher selling prices for Zig-Zag cigarette papers and related products accounted for the majority of the increase. Operating profit for these tobacco-related products, which increased significantly in 1992, were partially offset by losses recorded for other businesses. The Other segment recorded an operating profit of $9.6 million in 1992.

HEALTH CARE REFORM

In October 1993, the Clinton Administration announced the Health Security Act, which provides for, among other things, increased federal excise taxes on all tobacco products, including moist snuff. The proposed federal excise tax rate on moist snuff would increase from 36 cents per pound to $12.86 per pound. The Company intends to vigorously oppose this proposed increase. The debate over this health care proposal, as well as other alternatives which do not include excise tax increases, is expected to continue for many months in Congress. Accordingly, the Company is not able to predict the amount, if any, by which the federal excise tax rate may increase, or assess the future effect that any such increase may have on the sale of its tobacco products.

FINANCIAL CONDITION

SOURCES AND USES OF CASH -- OPERATIONS

Cash provided by operating activities is the major source of funds available to the Company. Cash from operations increased to $367.6 million in 1993, as compared to $288.8 million in 1992 and $272 million in 1991. The primary reason for the increase was higher earnings generated by the Tobacco segment.

Significant inventories of leaf tobacco are required primarily in connection with our smokeless tobacco products. During the last three years, $158.1 million was used for the purchase of leaf tobacco. In addition, the cost of grapes harvested and purchased totaled $61.6 million over the last three years.

INVESTING ACTIVITIES

Net cash used in investing activities was $17.3 million in 1993. Purchases of property, plant and equipment over the last three years totaled $122.2 million.

Major areas of capital spending from 1991 through 1993 were:

Tobacco segment

o Manufacturing, processing and packaging equipment

o Automobiles for the sales force

o Building renovations

Wine segment

o Storage capacity and processing equipment

o New facilities and building renovations

o Irrigation and vineyard development

Other segment

o Equipment

o Building additions and renovations

Shared assets

o Transportation equipment -- primarily aircraft

o Headquarters, conference and training facility renovations

In 1994, the Company's capital program is expected to approximate $38 million, and will primarily include improvements to the tobacco processing and manufacturing operations and the expansion of wine processing and storage facilities.

On March 31, 1993, the Company sold its distribution rights for Zig-Zag cigarette papers and related products for $39 million in cash and additional consideration based on future earnings.

FINANCING ACTIVITIES

Other significant sources and uses of cash over the last three years have included long-term borrowings, the issuance of common stock, stock repurchases and cash dividends. During the fourth quarter of 1993, the Company borrowed $40 million under a short-term line of credit with a bank and used the proceeds to repurchase additional shares of its common stock. In January 1994, the Company entered into a revolving credit and term loan agreement for $50 million with the same bank and converted the outstanding amount of $40 million to long-term debt. The Company intends to borrow the additional $10 million in 1994 to increase the funds available for the stock repurchase program. (See Revolving Credit and Term Loan Agreement and Short-Term Lines of Credit Note.)

Common stock was issued upon the exercise of options granted under the Company's stock option plans. Options are granted to employees who have made or who are expected to make contributions to the growth of the Company. The Company receives income tax benefits upon the exercise of certain of these options. Since 1990, funds received from the exercise of options, together with these tax benefits, totaled $203.4 million.

During 1993, the Company continued its program to repurchase shares of its common stock as authorized by the Board of Directors. The current program authorizes the Company to repurchase up to 40 million shares of its common stock from time to time in open market or negotiated transactions to be used in connection with employee benefit programs and other corporate purposes.

During 1993, the Company repurchased 8.5 million shares at a cost of $236.7 million and as of December 31, 1993, 6.4 million shares remained to be repurchased under the current program. The Company anticipates repurchasing these remaining shares in 1994.

It is the Company's philosophy that its stockholders should benefit directly from increases in net earnings. Accordingly, the Company has regularly increased dividend payments as earnings have risen. During the last three years, cash dividends distributed to stockholders amounted to $507.3 million, totaling 54.7 percent of net earnings for the period.

LIQUIDITY

Uses of cash exceeded sources of cash by $11 million in 1993. The Company anticipates that cash generated from operating activities will meet most of its requirements in 1994. Seasonal purchases of leaf tobacco occasionally require the Company to use short-term borrowings in the form of commercial paper, when necessary, to augment cash generated by operating activities. In 1993 sufficient cash was generated to meet these requirements and short-term borrowings were limited. The Company anticipates that leaf tobacco purchases in 1994 will approximate $55.4 million as compared to $54.1 million for 1993.

The ratio of current assets to current liabilities (current ratio) at December 31, 1993 was 3.1 to 1 and has averaged 3.5 to 1 over the last three years. Cash used in investing and financing activities, along with an increase in income taxes payable, reduced the current ratio from prior years. However, the Company continues

to maintain a strong liquidity position. Further enhancing this position is the fact that certain inventories are carried at costs computed under the LIFO method. The average costs of these inventories was $39.6 million more than the amount at which they are carried in the Consolidated Statement of Financial Position at December 31, 1993.

The Company believes that adequate credit facilities are available through committed short-term credit lines. The Company has available short-term lines of credit with domestic and foreign banks totaling $100 million at December 31, 1993. The lines of credit are generally committed for a one-year period expiring mid-1994 and provide for borrowing at prime rates. These arrangements require commitment fees which are not significant. These facilities can be used as bank financing or as support for commercial paper borrowing. The commercial paper market is expected to continue as an attractive source of funds. The Company has the highest ratings available on its commercial paper.

The Company intends to maintain appropriate facilities to ensure access to credit markets providing sufficient financial resources and operational flexibility.

CAPITAL RESOURCES

The Company had $40 million of long-term debt outstanding at December 31, 1993. The percentage of long-term debt outstanding to stockholders' equity is 8.6 percent. The Company had no short-term debt outstanding at December 31, 1993.

Stockholders' equity decreased in 1993, as the effects of the stock repurchase program and dividend payments exceeded the effects of net earnings and common stock issued under the Company's stock option plans.

The return on average stockholders' equity has increased by 24.6 percentage points to 71.3 percent over the last three years.

DIVIDENDS AND STOCK PRICES

CASH DIVIDENDS

The Company increased its 1993 cash dividend by 20 percent to an annual rate of 96 cents per share. Since 1990, the dividend rate has increased 74.5 percent reflecting an average annual increase of 20.4 percent. Total cash dividends paid by the Company in 1993 were $199.7 million or 57.2 percent of net earnings. Cash dividends paid to stockholders have exceeded 50 percent of net earnings in each of the last three years.

In December 1993, the Board of Directors approved a first quarter 1994 dividend of 28 cents per share. This equates to an indicated annual rate of $1.12 and represents an increase of 16.7 percent. The Company has paid cash dividends without interruption since 1912. Future dividends depend on many factors, including internal estimates of future performance and the Company's need for funds.

STOCK PRICES

UST shares are traded on the New York Stock Exchange and the Pacific Stock Exchange, ticker symbol -- UST.

The number of stockholders of record at December 31, 1993 was 13,601. The following table sets forth dividends paid per share and the high and low market prices for the year and each quarter of 1993 and 1992.

<TABLE>
<CAPTION>

	CASH DIVIDENDS PAID	MARKET PRICE PER COMMON SHARE HIGH	LOW
<S>	<C>	<C>	<C>
1st Quarter			
1993................................	$ .24	$32 3/4	$24 3/4
1992................................	.20	33 1/4	26 3/4
2nd Quarter			
1993................................	.24	30 7/8	25 7/8
1992................................	.20	32 1/2	25 3/8
3rd Quarter			
1993................................	.24	29 7/8	26 1/4
1992................................	.20	33	28 1/4
4th Quarter			
1993................................	.24	31 3/8	24 3/8
1992................................	.20	35 3/8	30 1/8
Year			
1993................................	.96	32 3/4	24 3/8
1992................................	.80	35 3/8	25 3/8

</TABLE>

GRAPHICAL INFORMATION INCLUDED IN EXHIBIT 13.4 IS DESCRIBED BELOW.

(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS AND PERCENTAGES)

The following are bar graphs:

Consolidated Net Sales: 1991 -- $904.4, 1992 -- $1,039.4 and 1993 -- $1,110.4.

Consolidated Gross Profit: 1991 -- $676.9, 1992 -- $782.6 and 1993 -- $864.0

Pretax Margins: 1991 -- 47.1%, 1992 -- 48.4% and 1993 -- 54.2%.

Earnings Per Share: 1991 -- $1.18, 1992 -- $1.41 and 1993 -- $1.62.

Tobacco Sales: 1991 -- $773.2, 1992 -- $884.0 and 1993 -- $951.6.

Wine Sales: 1991 -- $61.0, 1992 -- $70.5 and 1993 -- $80.2.

Other Sales: 1991 -- $73.4, 1992 -- $87.6 and 1993 -- $81.5.

Net Cash Provided by Operating Activities: 1991 -- $272.0, 1992 -- $288.8 and 1993 -- $367.6.

Return on Average Stockholders' Equity: 1991 -- 55.6%, 1992 -- 62.5% and 1993 -- 71.3%.

Dividends Per Share: 1991 -- $.66, 1992 -- $.80 and 1993 -- $.96.

The following bar graph illustrates the relationship between net earnings and dividends paid:

Net Earnings: 1991 -- $265.9, 1992 -- $312.6 and 1993 -- $349.0.

Dividends Paid: 1991 -- $139.7, 1992 -- $168.0 and 1993 -- $199.7.

A pie chart illustrating the percentage of capital expenditures by segment for 1991-1993:
Tobacco 66%, Wine 24%, Other 5% and Corporate 5%.

EXHIBIT 13.5

UST

CONSOLIDATED INDUSTRY SEGMENT DATA
(IN THOUSANDS)

<TABLE>
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<S>	YEAR ENDED DECEMBER 31, 1993 <C>	1992 <C>	1991 <C>
NET SALES TO UNAFFILIATED CUSTOMERS			
Tobacco			
Smokeless tobacco	$ 930,465	$ 832,929	$732,149
Other tobacco products	21,124	51,048	41,054
	951,589	883,977	773,203
Wine	80,205	70,458	60,985
Other	81,489	87,603	73,374
Elimination of intersegment sales	(2,880)	(2,663)	(3,135)
Net sales	$1,110,403	$1,039,375	$904,427
OPERATING PROFIT			
Tobacco	$572,062	$508,775	$438,633
Wine	6,126	4,770	3,738
Other	9,228	9,630	2,311
Operating profit	587,416	523,175	444,682
Corporate expenses	(22,664)	(22,412)	(20,877)
Interest income, net	2,004	1,866	2,279
Gain on disposal of product line	35,029	- 0 -	- 0 -
Earnings before income taxes and cumulative effect of accounting changes	$601,785	$502,629	$426,084
IDENTIFIABLE ASSETS at December 31			
Tobacco	$394,805	$371,560	$347,822
Wine	167,157	150,527	137,433
Other	95,674	91,620	80,679
Corporate	48,559	60,258	90,579
	$706,195	$673,965	$656,513
CAPITAL EXPENDITURES			
Tobacco	$38,797	$19,438	$17,008
Wine	9,354	8,604	8,874
Other	3,648	732	1,163
Corporate	2,711	1,279	1,360
	$54,510	$30,053	$28,405
DEPRECIATION			
Tobacco	$17,069	$15,158	$14,611
Wine	5,877	5,265	4,493
Other	2,027	2,287	2,294
Corporate	933	855	866
	$25,906	$23,565	$22,264

</TABLE>

UST

CONSOLIDATED STATEMENT OF EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
NET SALES	$1,110,403	$1,039,375	$904,427
COSTS AND EXPENSES			
Cost of products sold	246,445	256,796	227,546
Selling, advertising and administrative	299,206	281,816	253,076
TOTAL COSTS AND EXPENSES	545,651	538,612	480,622
OPERATING INCOME	564,752	500,763	423,805
OTHER INCOME			
Interest income, net	2,004	1,866	2,279
Gain on disposal of product line	35,029	- 0 -	- 0 -
EARNINGS BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	601,785	502,629	426,084
INCOME TAXES	232,893	190,071	160,179
EARNINGS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	368,892	312,558	265,905
CUMULATIVE EFFECT OF ACCOUNTING CHANGES			
Postretirement benefits other than pensions (net of income tax benefit of $18,115)	(32,690)	- 0 -	- 0 -
Income taxes	12,844	- 0 -	- 0 -
NET EARNINGS	$ 349,046	$ 312,558	$265,905
Earnings per share			
Primary earnings before cumulative effect of accounting changes	$1.71	$1.41	$1.18
Cumulative effect of accounting changes	(.09)	- 0 -	- 0 -
Net earnings per share			
Primary	$1.62	$1.41	$1.18
Fully diluted	$1.62	$1.41	$1.17
Average number of common shares outstanding			
Primary	215,719	222,033	225,130
Fully diluted	215,779	222,423	228,032

</TABLE>

See Notes to Consolidated Financial Statements.

UST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(IN THOUSANDS)

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1993	1992
<S>	<C>	<C>
ASSETS		
Current assets		
Cash and cash equivalents	$ 25,327	$ 36,370
Accounts receivable	64,376	53,819
Inventories	215,635	213,480
Prepaid expenses and other current assets	29,658	26,539
Total current assets	334,996	330,208
Property, plant and equipment, net	309,611	281,005
Other assets	61,588	62,752
	$706,195	$673,965
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 62,445	$ 59,063
Income taxes	44,197	22,145
Total current liabilities	106,642	81,208
Long-term debt	40,000	- 0 -
Deferred income taxes	7,955	46,358
Postretirement benefits other than pensions	56,782	- 0 -
Other liabilities	31,844	29,793
Total liabilities	243,223	157,359
Stockholders' equity		
Capital stock	106,612	105,518
Additional paid-in capital	337,842	303,885
Retained earnings	255,222	107,203
	699,676	516,606
Less cost of shares in treasury	236,704	- 0 -
Total stockholders' equity	462,972	516,606
	$706,195	$673,965

</TABLE>

See Notes to Consolidated Financial Statements.

UST

CONSOLIDATED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net earnings	$349,046	$312,558	$265,905
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization	26,674	24,467	22,560

Deferred income taxes	(24,783)	(5,212)	(1,996)
Cumulative effect of accounting changes	37,961	- 0 -	- 0 -
Gain on disposal of product line	(35,029)	- 0 -	- 0 -
Changes in operating assets and liabilities:			
Increase in accounts receivable	(10,557)	(3,743)	(14,795)
Increase in inventories	(4,866)	(19,751)	(22,787)
Increase in prepaid expenses and other assets	(1,590)	(10,979)	(3,475)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	8,719	(5,057)	21,041
Increase (decrease) in income taxes payable	22,052	(3,458)	5,512
Net cash provided by operating activities	367,627	288,825	271,965
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(58,199)	(33,998)	(30,035)
Other, principally long-term investments	- 0 -	17,288	10,908
Dispositions of property, plant and equipment	3,689	3,945	1,630
Proceeds received from sales of businesses	37,218	100	268
Net cash used in investing activities	(17,292)	(12,665)	(17,229)
FINANCING ACTIVITIES			
Proceeds from long-term debt	40,000	- 0 -	- 0 -
Proceeds from the issuance of common stock	35,051	100,458	67,923
Reduction of long-term debt	- 0 -	(1,250)	(3,599)
Dividends paid	(199,725)	(167,951)	(139,670)
Common stock repurchased	(236,704)	(212,581)	(184,424)
Net cash used in financing activities	(361,378)	(281,324)	(259,770)
Decrease in cash and cash equivalents	(11,043)	(5,164)	(5,034)
Cash and cash equivalents at beginning of year	36,370	41,534	46,568
Cash and cash equivalents at end of year	$ 25,327	$ 36,370	$ 41,534
Supplemental disclosure of cash flow information			
Cash paid during the year for:			
Income taxes	$201,082	$147,784	$126,741
Interest	1,150	756	810

</TABLE>

See Notes to Consolidated Financial Statements.

UST

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

<S>	COMMON STOCK <C>	ADDITIONAL PAID-IN CAPITAL <C>	RETAINED EARNINGS <C>	TREASURY STOCK <C>	TOTAL STOCKHOLDERS' EQUITY <C>
Balance at December 31, 1990	$ 53,246	$159,665	$260,962	$ - 0 -	$473,873
Net earnings for the year	- 0 -	- 0 -	265,905	- 0 -	265,905
Cash dividends -- $.66 per share	- 0 -	- 0 -	(139,670)	- 0 -	(139,670)
Exercise of stock options -- 5,998,600 shares	1,499	36,364	- 0 -	- 0 -	37,863
Income tax benefits and decrease in receivables from exercise of stock options	- 0 -	30,060	- 0 -	- 0 -	30,060
Common stock repurchased for treasury and retired -- 8,002,000 shares	(2,001)	(8,671)	(173,752)	- 0 -	(184,424)
Common stock issued in two-for-one					

stock split	52,746	- 0 -	(52,746)	- 0 -	- 0 -
Adjustment for additional minimum pension liability, net of taxes	- 0 -	- 0 -	(732)	- 0 -	(732)
Balance at December 31, 1991	105,490	217,418	159,967	- 0 -	482,875
Net earnings for the year	- 0 -	- 0 -	312,558	- 0 -	312,558
Cash dividends -- $.80 per share	- 0 -	- 0 -	(167,951)	- 0 -	(167,951)
Exercise of stock options -- 6,964,400 shares	3,482	49,171	- 0 -	- 0 -	52,653
Income tax benefits net of increase in receivables from exercise of stock options	- 0 -	47,805	- 0 -	- 0 -	47,805
Common stock repurchased for treasury and retired -- 6,907,000 shares	(3,454)	(10,509)	(198,618)	- 0 -	(212,581)
Adjustment for additional minimum pension liability, net of taxes	- 0 -	- 0 -	1,247	- 0 -	1,247
Balance at December 31, 1992	105,518	303,885	107,203	- 0 -	516,606
Net earnings for the year	- 0 -	- 0 -	349,046	- 0 -	349,046
Cash dividends -- $.96 per share	- 0 -	- 0 -	(199,725)	- 0 -	(199,725)
Exercise of stock options -- 2,186,700 shares	1,094	18,745	- 0 -	- 0 -	19,839
Income tax benefits net of increase in receivables from exercise of stock options	- 0 -	15,212	- 0 -	- 0 -	15,212
Common stock repurchased for treasury -- 8,467,000 shares	- 0 -	- 0 -	- 0 -	(236,704)	(236,704)
Adjustment for additional minimum pension liability, net of taxes	- 0 -	- 0 -	(1,302)	- 0 -	(1,302)
Balance at December 31, 1993	$106,612	$337,842	$255,222	$(236,704)	$462,972

</TABLE>

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all of its subsidiaries after the elimination of intercompany accounts and transactions. Investments in a limited partnership and 50 percent or less owned companies, accounted for by the equity method, are carried at amounts equal to the Company's equity in the underlying assets of such entities.

Certain amounts in the Wine segment which were previously included in selling, general and administrative expenses have been reclassified to net sales and cost of products sold to conform to the 1993 presentation.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of amounts reported in the consolidated financial statements have been determined by using available market information and appropriate valuation methodologies. All current assets and current liabilities are carried at their fair value, because of their short-term nature. The fair value of long-term investments, notes receivable and long-term debt approximate their carrying value.

INVENTORIES

Inventories are stated at lower of cost or market. The major portion of leaf tobacco and briar inventory costs is determined by the last-in, first-out (LIFO) method. The cost of the remaining inventories is determined by the first-in, first-out (FIFO) and average cost methods. Leaf tobacco and wine inventories are included in current assets as a standard industry practice, notwithstanding the fact that such inventories are carried for several years for the purpose of curing and aging.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less allowances for depreciation computed by the straight line method.

GOODWILL

Goodwill represents the excess of cost over the fair value of net assets of businesses acquired. Unamortized goodwill is included in other assets and is being amortized ratably over periods from ten to forty years ending in 2026.

INCOME TAXES

Income taxes are provided on all revenue and expense items included in the Consolidated Statement of Earnings regardless of the period in which such items are recognized for income tax purposes, except for items representing permanent differences between pretax accounting income and taxable income. Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," which requires a change in the method of accounting for income taxes from the deferred method to the liability method. (See Income Taxes Note for the effects of this change.)

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This standard requires the accrual basis of accounting for postretirement benefits. Postretirement benefit costs prior to adoption of SFAS No. 106 were accounted for on a pay-as-you-go (cash) basis. (See Postretirement Benefits Other Than Pensions Note for the effects of this change.)

EARNINGS PER SHARE

Primary earnings per share are calculated by dividing net earnings by the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares are shares which would be issuable upon the exercise of outstanding stock options, reduced by the number of shares which are assumed to be purchased by the Company from the resulting proceeds at the average market price during the period.

For the fully diluted earnings per share calculation, shares are assumed to be purchased by the Company at the higher of the average or period-end price and may include additional dilutive options.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

CASH AND CASH EQUIVALENTS

<TABLE>
<CAPTION>

	DECEMBER 31, 1993	DECEMBER 31, 1992
<S>	<C>	<C>
Cash	$11,327	$13,378

Commercial paper	14,000	22,992
	$25,327	$36,370

</TABLE>

Cash equivalents are all highly liquid investments generally with maturities of three months or less when acquired.

INVENTORIES

<TABLE>
<CAPTION>

	DECEMBER 31, 1993	DECEMBER 31, 1992
<S>	<C>	<C>
Leaf tobacco	$ 90,742	$ 82,719
Products in process and finished goods	108,117	110,946
Other materials and supplies	16,776	19,815
	$215,635	$213,480

</TABLE>

At December 31, 1993 and 1992, $88.4 million and $80.3 million, respectively, of inventories were valued using the LIFO method. The average costs of these inventories are greater than the amounts at which these inventories are carried in the Consolidated Statement of Financial Position by $39.6 million and $36.3 million, respectively.

PROPERTY, PLANT AND EQUIPMENT

<TABLE>
<CAPTION>

	DECEMBER 31, 1993	DECEMBER 31, 1992
<S>	<C>	<C>
Land	$ 27,318	$ 27,291
Buildings	184,147	171,671
Machinery and equipment	261,388	224,974
	472,853	423,936
Less allowances for depreciation	163,242	142,931
Net property, plant and equipment	$309,611	$281,005

</TABLE>

OTHER ASSETS

<TABLE>
<CAPTION>

	DECEMBER 31, 1993	DECEMBER 31, 1992
<S>	<C>	<C>

Prepaid pensions costs	$23,517	$21,404
Investments in unconsolidated companies	12,910	12,933
Long-term investments	3,691	4,507
Notes receivable	1,910	4,179
Goodwill	7,756	8,651
Intangible pension asset	4,263	4,754
Other	7,541	6,324
	$61,588	$62,752

</TABLE>

The investments in unconsolidated companies consist principally of a limited partnership that owns and leases a cogeneration facility.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1993	1992
<S>	<C>	<C>
Trade accounts payable	$21,285	$20,892
Employee compensation and benefits	18,349	17,220
Taxes, other than income	6,050	5,635
Other accrued expenses	16,761	15,316
	$62,445	$59,063

</TABLE>

REVOLVING CREDIT AND TERM LOAN AGREEMENT AND SHORT-TERM LINES OF CREDIT

During the fourth quarter of 1993, the Company borrowed $40 million under a $50 million short-term line of credit which in January 1994 was converted into a revolving credit and term loan. The current interest rate is 3.5 percent and the agreement expires in January 2000.

The terms of the agreement provide for a three-year revolving line of credit. At the Company's option, any balance outstanding thereafter may be converted into a three-year term loan. Under the terms of the agreement, the Company may borrow funds and elect either the "Base Rate," "Money Market" or "Eurodollar" interest rates. Principal repayments are optional during the revolving credit period, while 36 equal monthly installments are required during the term loan period. The Company is required to pay a commitment fee of 1/8 of 1 percent per annum on the $50 million commitment during the credit term.

Certain provisions of this agreement require the maintenance of tangible net worth levels as well as certain financial ratios.

At December 31, 1993, this amount was classified as long-term debt in the Consolidated Statement of Financial Position.

In addition, the Company has available short-term lines of credit with domestic and foreign banks totaling $100 million and $95 million at December 31, 1993 and 1992, respectively. The lines of credit are generally committed for a one-year period expiring mid-1994, and provide for borrowing at prime rates. These arrangements require commitment fees which are not significant.

OTHER LIABILITIES

Other liabilities include the noncurrent portion of the net pension liabilities (see Employee Benefit and Compensation Plans Note) for 1993 and 1992 of $30.9 million and $26.1 million, respectively.

CAPITAL STOCK

The Company has two classes of capital stock, preferred stock and common stock. Preferred stock carries a par value of $.10 and no shares have been issued. Common stock carries a $.50 par value. Authorized preferred stock is 10 million shares and authorized common stock is 600 million shares.

In 1993, the Company repurchased 8,467,000 of its shares pursuant to a stock repurchase program authorized by the Board of Directors on January 1, 1990. The program allows the Company to repurchase up to 40 million shares of its common stock from time to time in open market or negotiated transactions to be used in connection with employee benefit programs and other corporate purposes. As of December 31, 1993, 6.4 million shares remained to be repurchased under the current program.

Common stock issued and outstanding at December 31, 1993 and 1992 was 204,756,636 shares and 211,036,936 shares, respectively.

Events causing changes in the issued and outstanding shares are described in the Consolidated Statement of Changes in Stockholders' Equity.

STOCK OPTIONS

The Company maintains two stock option plans, the 1992 and 1982 Stock Option Plans. At December 31, 1993, 9,205,400 shares were available for grant under the 1992 plan, while no shares were available under the 1982 plan. Under the plans, options may be granted at not less than the fair market value on the date of grant. Under the 1992 Stock Option Plan, options first become exercisable, in ratable installments or otherwise, over a period of one to five years from the date of grant and may be exercised up to a maximum of 10 years from date of grant using various payment methods.

Receivables from the exercise of options in the amount of $17.4 million in 1993, $17.2 million in 1992 and $12.5 million in 1991 have been deducted from stockholders' equity.

Changes in outstanding options were as follows:

<TABLE>
<CAPTION>

<S>	PRICE RANGE <C>	SHARES <C>
Outstanding		
Dec. 31, 1990	$ 1.94 - $14.84	24,015,200
Options granted	18.28 - 24.19	3,217,400
Options exercised	1.94 - 18.28	(5,998,600)
Outstanding		
Dec. 31, 1991	2.16 - 24.19	21,234,000
Options granted	30.81	3,798,400
Options exercised	2.16 - 30.81	(6,964,400)
Options expired	2.16	(2,400)
Outstanding		
Dec. 31, 1992	4.05 - 30.81	18,065,600
Options granted	25.50	1,198,800
Options exercised	4.05 - 30.81	(2,186,700)
Options forfeited	25.50	(4,200)

Outstanding Dec. 31, 1993	4.05 - 30.81	17,073,500

</TABLE>

Under the 1982 Stock Option Plan, incentive and nonqualified options to purchase a total of 15,878,900 shares were outstanding and exercisable as of December 31, 1993. The average price per share is $17.68, with expiration dates ranging from February 7, 1994 to February 6, 2002.

Under the 1992 Stock Option Plan, incentive and nonqualified options to purchase a total of 1,194,600 shares were outstanding but due to vesting requirements were not exercisable as of December 31, 1993. The price per share is $25.50, with an expiration date of February 22, 2003.

EMPLOYEE BENEFIT AND COMPENSATION PLANS

The Company and its subsidiaries maintain a number of noncontributory defined benefit pension plans covering substantially all employees over age 21 with at least one year of service. The Company's plan for salaried employees provides pension benefits based on their highest three-year average compensation. The Company's funding policy for this plan is to contribute an amount sufficient to meet or exceed ERISA minimum requirements. All other funded plans base benefits on the employee's compensation in each year of employment. The Company's funding policy for these plans is generally to contribute the annual normal cost plus the amount required to amortize unfunded liabilities over 20 years from the date established. The Company also maintains unfunded plans providing pension and additional benefits for certain employees.

The assumptions used to determine expense for 1993, 1992 and 1991 were:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Discount rate	8.0%	8.0%	8.5%
Average rate of increase in compensation levels	6.0%	6.0%	6.0%
Expected long-term rate of return on plan assets	10.0%	10.0%	10.5%

</TABLE>

Net periodic pension cost for 1993, 1992 and 1991 include the following components (in millions):

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Service cost -- benefits earned during period	$ 7.1	$ 6.5	$ 5.4
Interest cost on projected benefit obligation	13.9	13.1	11.4
Actual return on plan assets	(18.7)	(8.3)	(53.1)
Net amortization and deferral	1.6	(9.0)	39.9
Net periodic pension cost	$ 3.9	$ 2.3	$ 3.6

</TABLE>

The following table presents a reconciliation of the funded status of the plans (in millions):

<TABLE>
<CAPTION>

	DECEMBER 31, 1993		DECEMBER 31, 1992	
	PLANS WHOSE ASSETS EXCEED ACCUMULATED BENEFITS	PLANS WHOSE ACCUMULATED BENEFITS EXCEED ASSETS	PLANS WHOSE ASSETS EXCEED ACCUMULATED BENEFITS	PLANS WHOSE ACCUMULATED BENEFITS EXCEED ASSETS
<S>	<C>	<C>	<C>	<C>
Actuarial present value of benefit obligations:				
Vested benefits...........................	$(125.6)	$ (31.1)	$(110.1)	$ (25.2)
Nonvested benefits........................	(14.0)	(3.8)	(10.5)	(2.6)
Accumulated benefits......................	(139.6)	(34.9)	(120.6)	(27.8)
Effect of future pay increases............	(23.8)	(6.5)	(22.9)	(6.2)
Projected benefit obligation..............	(163.4)	(41.4)	(143.5)	(34.0)
Plan assets at fair value....................	195.8	1.6	185.5	- 0 -
Unrecognized net (gain) loss.................	(2.3)	14.1	(13.0)	11.6
Prior service cost not yet recognized in net periodic pension cost.....................	(.5)	(1.5)	(.5)	(1.6)
Unrecognized portion of initial net obligation (asset)........................	(6.1)	4.9	(7.1)	5.6
Adjustment to recognize additional minimum liability................................	- 0 -	(11.5)	- 0 -	(9.6)
Net pension asset (liability)................	$ 23.5	$ (33.8)	$ 21.4	$ (28.0)

</TABLE>

For 1993 and 1992, the net pension assets of $23.5 million and $21.4 million, respectively, consist of prepaid pension costs and are included in other assets. The noncurrent portion of the net liabilities for 1993 and 1992 of $33.8 million and $28 million, respectively, are included in other liabilities.

For pension plans whose accumulated benefits exceed assets at December 31, 1993, the Consolidated Statement of Financial Position reflects an additional minimum liability of $11.5 million: an intangible asset of $4.3 million included in other assets and a reduction of retained earnings of $4.8 million, which is net of deferred tax benefits of $2.4 million. At December 31, 1992, the Consolidated Statement of Financial Position included an additional minimum liability of $9.6 million: an intangible asset of $4.8 million and a reduction of retained earnings of $3.2 million, which is net of deferred tax benefits of $1.6 million.

Plan assets include marketable equity securities (including common stock of the Company having a market value of $35.5 million as of December 31, 1993 and $45.8 million as of December 31, 1992) and corporate and government debt securities.

The discount rate used in determining the present value of benefit obligations was 7 percent for 1993 and 8 percent for 1992.

The Company sponsors a defined contribution plan (Employees' Savings Plan) covering substantially all of its employees. The plan requires one year of service prior to eligibility for participation. Company

contributions are based upon participant contributions. The expense was $3.6 million in 1993, $3.4 million in 1992 and $3.2 million in 1991.

The Company has an Incentive Compensation Plan which provides for incentive payments to designated employees based on stated percentages of net income as defined in the plan. Expenses under the plan amounted to $28.8 million for 1993, $26.3 million for 1992 and $22.2 million for 1991.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company and certain of its subsidiaries maintain a number of postretirement welfare benefit plans which provide certain medical and life insurance benefits to substantially all full-time employees who have attained certain age and service requirements upon retirement. The health care benefits are subject to deductibles, co-insurance and in some cases flat dollar contributions which vary by plan, age and service at retirement. All life insurance coverage is noncontributory. The welfare plans are not funded.

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires the Company to accrue the expected cost of providing postretirement benefits as an employee renders service. Prior to the change costs were charged to expense on a pay-as-you-go (cash) basis.

The Company elected to immediately recognize the accumulated postretirement benefit obligation of $50.8 million through a one-time cumulative effect adjustment to earnings of $32.7 million, net of income taxes. The liability is stated separately in the Consolidated Statement of Financial Position.

The following table sets forth the combined status of the plans at December 31, 1993:

<TABLE>

<S>	<C>
Accumulated postretirement benefit obligation:	
Retirees	$ 15,599
Fully eligible active plan participants	8,076
Other active plan participants	24,886
	48,561
Unrecognized net gain	8,221
Accrued postretirement benefit obligation	$ 56,782

</TABLE>

Postretirement benefit expense was $7.3 million in 1993, $1.6 million in 1992 and $.9 million in 1991. The net periodic postretirement benefit cost for 1993 included the following components:

<TABLE>

<S>	<C>
Service cost	$ 3,311
Interest cost	4,009
Net periodic postretirement benefit cost	$ 7,320

</TABLE>

The rate of increase in per capita costs of covered health care benefits is assumed to be 12.3 percent for 1994 and decrease gradually to 5 percent by the year 2008 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 1993 by approximately $8 million and the 1993 net periodic postretirement benefit cost by approximately $1.5 million.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7 percent at December 31, 1993.

UST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

EXCISE TAXES

Net sales and cost of products sold include excise taxes of $30 million in 1993, $31.7 million in 1992 and $27.8 million in 1991.

INTEREST

Interest income, net, is comprised of amounts relating to income from cash equivalent investments and expense associated with short-term and long-term obligations.

	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
Income from cash equivalents	$(3,247)	$(2,599)	$(2,962)
Short-term obligations	1,091	700	479
Long-term obligations	152	33	204
	1,243	733	683
	$(2,004)	$(1,866)	$(2,279)

INCOME TAXES

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," which requires a change in the method of accounting for income taxes from the deferred method to the liability method. The Company reflected this change through a cumulative effect adjustment which increased net earnings and reduced deferred tax liabilities reported in the Consolidated Statement of Financial Position by $12.8 million.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax liabilities and assets as of December 31, 1993 are as follows:

Deferred tax liabilities:	
Depreciation	$38,452
Investment in limited partnerships	11,198
Prepaid pension assets	8,360
Total deferred tax liabilities	58,010
Deferred tax assets:	
Postretirement benefits other than pensions	19,927
Other accrued liabilities	16,773
Accrued pension liabilities	9,920
All other, net	3,435
Total deferred tax assets	50,055
Net deferred tax liabilities	$ 7,955

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Significant components of the provision for income taxes are as follows:

	LIABILITY METHOD	DEFERRED METHOD	
	1993	1992	1991
Current:			
Federal	$ 208,059	$168,357	$140,899
State and local	31,502	26,926	21,276
Total current	239,561	195,283	162,175
Deferred:			
Federal	(23,261)	(5,164)	(1,996)
State and local	(1,522)	(48)	- 0 -
Total deferred	(24,783)	(5,212)	(1,996)
	$ 214,778	$190,071	$160,179

The current tax provisions do not reflect $15.4 million, $52.5 million and $29.8 million for 1993, 1992 and 1991, respectively, of tax benefits arising from the exercise of stock options. These amounts were credited directly to additional paid-in capital.

The deferred tax provision for 1993 includes the benefit of $18.1 million resulting from the adoption of SFAS No. 106. In addition, the deferred tax provisions for 1993, 1992 and 1991 do not reflect the respective tax effects of $.8 million, $(.6) million and $.4 million, resulting from the minimum pension liability adjustment required by SFAS No. 87, "Employers' Accounting for Pensions."

The 1993 "Omnibus Budget Reconciliation Act" increased the statutory corporate federal income tax rate to 35 percent retroactive to January 1, 1993.

Differences between the effective tax rate and the statutory U.S. federal income tax rate are explained as follows:

	1993	1992	1991
Statutory U.S. federal income tax rate	35.0%	34.0%	34.0%
State and local taxes, net of federal benefit	3.5	3.5	3.3
Other, net	.5	.3	.3
	39.0%	37.8%	37.6%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

QUARTERLY FINANCIAL DATA (UNAUDITED)

	FIRST	SECOND	THIRD	FOURTH	YEAR
1993					
Net sales	$265,019	$279,707	$278,978	$286,699	$1,110,403
Gross profit	201,866	219,230	220,464	222,398	863,958
Earnings before cumulative effect of accounting changes	103,555	89,836	88,703	86,798	368,892
Net earnings	83,709	89,836	88,703	86,798	349,046
Primary earnings per share before cumulative effect of accounting changes	$.47	$.41	$.41	$.41	$1.71
Primary earnings per share	$.38	$.41	$.41	$.41	$1.62
1992					
Net sales	$234,477	$262,022	$271,785	$271,091	$1,039,375
Gross profit	180,019	196,925	205,971	199,664	782,579
Net earnings	69,858	78,085	84,736	79,879	312,558
Primary earnings per share	$.31	$.35	$.38	$.36	$1.41

The first quarter of 1993 includes a pretax gain of $35 million, amounting to 10 cents per share, from the sale of a tobacco-related business. This gain was offset by the cumulative effect of accounting changes as a result of the adoption of SFAS No. 106 and SFAS No. 109, which resulted in a decrease in net earnings of $19.8 million, or 9 cents per share.

Certain amounts previously included in selling, general and administrative expenses have been reclassified to net sales and cost of products sold in both years.

INDUSTRY SEGMENT DATA

The Company's industry segments are Tobacco, Wine and Other. The Company operates primarily in the tobacco industry and also produces and markets a number of nontobacco products. Tobacco segment sales are principally to a large number of wholesalers and chain stores which are widely dispersed. In 1993, sales to one wholesale customer accounted for approximately 16 percent of Tobacco segment sales.

The Company operates primarily in the United States; foreign operations and export sales are not significant. Intersegment sales are accounted for at cost.

Operating profit is total revenue less operating expenses excluding corporate expenses, net interest income and gain on disposal of product line. Identifiable assets by segment include both assets directly identified with those operations and an allocable share of jointly used assets. Corporate assets consist primarily of cash and cash equivalents, other long-term investments and an allocation of property, plant and equipment associated with nonsegment activities.

Net sales for the Wine segment for 1992 and 1991 have been restated to conform to the 1993 presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

OTHER MATTERS

In January 1992, the Company was named as a defendant in an amended complaint against the major cigarette manufacturers and others. The action purportedly is brought on behalf of flight attendants who have allegedly sustained physical, psychological and emotional injuries as a result of exposure to environmental tobacco smoke on airplanes. On May 19, 1992, the Court dismissed the class action allegations in plaintiffs' amended complaint. Plaintiffs filed a notice of appeal from the Court's dismissal on June 17, 1992 and this appeal has not been decided. The Company has had only limited involvement with cigarettes. Prior to 1985, the Company manufactured some cigarette products which had a de minimis market share, and the Company is indemnified for the small volume of imported cigarettes which it currently distributes. The Company believes that the action is without merit, intends to defend it vigorously and does not believe it will result in any material liability to the Company.

On March 31, 1993, the Company sold its distribution rights for Zig-Zag cigarette papers and related products for $39 million in cash and additional consideration based on future earnings for the next ten years. The transaction resulted in a pretax gain of $35 million, amounting to 10 cents per share.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

To the Directors and Stockholders
UST Inc.

We have audited the accompanying consolidated statement of financial position of UST Inc. as of December 31, 1993 and 1992, and the related consolidated statements of earnings, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of UST Inc. at December 31, 1993 and 1992, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

As discussed in the notes to the financial statements, in 1993 the Company changed its methods of accounting for Income Taxes and Postretirement Benefits Other Than Pensions.

ERNST & YOUNG

Stamford, Connecticut
February 1, 1994

EXHIBIT 21.1

PARENT AND SUBSIDIARIES

UST is an independent corporation without parent. It had the following significant subsidiaries as of December 31, 1993:

<TABLE>
<CAPTION>

NAME OF SUBSIDIARY OR AFFILIATE	JURISDICTION OF INCORPORATION	PERCENTAGE OF OWNERSHIP BY UST OR ITS WHOLLY OWNED SUBSIDIARIES
<S>	<C>	<C>
International Wine & Spirits Ltd.	Delaware	100%
Stimson Lane Ltd.	Washington	100%
United States Tobacco Company	Delaware	100%
United States Tobacco Manufacturing Company Inc.	Delaware	100%
United States Tobacco Sales and Marketing Company Inc.	Delaware	100%
UST Enterprises Inc.	Delaware	100%
UST International Inc.	Delaware	100%

</TABLE>

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Certain subsidiaries have been omitted since, if considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary.

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of UST Inc. of our report dated February 1, 1994, included in the 1993 Annual Report to stockholders of UST Inc.

Our audits also included the financial statement schedules of UST Inc. listed in Item 14(a). These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in Post-Effective Amendment No. 4 to the Registration Statement (Form S-8 No. 2-72410) pertaining to the UST Inc. Employees' Savings Plan, the Registration Statement (Form S-8 No. 33-28137) pertaining to the 1982 Stock Option Plan, and the Registration Statement (Form S-8 No. 33-48828) pertaining to the 1992 Stock Option Plan, of our report dated February 1, 1994, with respect to the consolidated financial statements incorporated herein by reference and schedules of UST Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 1993.

ERNST & YOUNG

Stamford, Connecticut
March 16, 1994