

Brady Willett & Todd Alway
Wish List 2002, November 8, 2002.

The 'Wish List' is not direct investment advice: we the producers are private investors, not professional investment advisors.

UST Inc. Removed from Wall Street Wish List

Despite challenges on many fronts, we believe that UST will remain a viable business. Nevertheless, there are clearly more risks associated with owning UST shares today than were present in July.

We continue to believe that UST Inc is a quality company that can offer the investor sustainable dividend income during any type of economic environment. However, since selecting UST in July the company's stock price has been prone to volatile price swings. These swings have partly been the result of business/court developments, but mostly because of widespread industry earnings concerns, and/or the constant and growing threat of increased government taxation. We are not so much concerned with the volatile share price swings as we are with the near term health of the company.

Nagging Issues

November 6: UST takes Conwood Case to its final venue – the US Supreme Court. UST also states that five class-action suits were filed against the company in September (cases derived directly from the Conwood litigation).

October 11: UST said it would pay legal fees and other expenses to settle a product liability case. This settlement is a significant development because it increases the likelihood that other copycat cases will follow.

September 12: UST warns that it will miss its earnings targets and states during a surprise conference call that it envisions a challenging environment ahead.

In sum, we believe that locking in profits now is a prudent investment choice given that a better buying opportunity is likely to develop over the next 12-18 months. We do not believe the current environment warrants writing covered calls, as we have concluded that call option premiums are not greater than the possible stock price decline. We do not track the use of derivatives in the Wish List.

\$32.60 represents a 12.0% ROI since July 22, 2002, or 13.7% when including dividend payments. \$32.60 represents the bid on UST at approximately 1:55 PM.

Sincerely,

Brady Willett and Todd Alway