



PRESS RELEASE

February 11, 2000

Swedish Match builds its portfolio in US smokeless tobacco: Purchases Beech-nut and other brands

- **Swedish Match to acquire National Tobacco chewing tobacco brands, including Beech-nut**
- **Purchase limited to brands, formulations, and inventory**
- **Synergies are expected in both production and sales**
- **Positive effect on both earnings per share and cash flow**

Swedish Match announced today that they have entered into a definitive Asset Purchase Agreement with National Tobacco Company, L.P. Swedish Match will provide \$165 million for the purchase of National Tobacco's chewing tobacco brands and formulations along with the existing chewing tobacco inventory. National Tobacco's primary chewing tobacco brand is Beech-nut. Other brands include Durango, Trophy, and Havana Blossom.

The National Tobacco chewing tobacco business, with annual sales of approximately \$50 million, will be fully integrated into the existing Swedish Match production and sales/distribution network, improving Swedish Match operational efficiency. The integration of Beech-nut and other National Tobacco brands into the Swedish Match sales and distribution network in the United States is expected to bring added sales opportunities.

"This purchase of the National Tobacco chewing tobacco brands adds to our portfolio one of America's oldest and well respected chewing tobacco brands, Beech-nut," said Lennart Sundén, Swedish Match President and CEO. "In addition, this acquisition will improve our production efficiency in a category that has recently experienced excess capacity. We will be able to ensure solid distribution and focus on these fine brands in one of our major market segments. Due to improved capacity utilization, and enhanced US distribution benefits, we expect to see improvement in both our earnings per share and cash flow." Swedish Match 2001 earnings per share are expected to improve by SEK 0.10 – 0.13.

The transaction is subject to regulatory approvals, and other customary conditions.

Merrill Lynch represented Swedish Match in connection with the transaction.

Swedish Match is an international group with headquarters in Stockholm, Sweden. The company manufactures a broad range of tobacco products, matches and disposable lighters which are sold in approximately 140 countries. Sales for the twelve month period ending December 31, 1999 amounted to approximately 9,400 MSEK. Swedish Match is listed on Stockholm Stock Exchange (SWMA) and on NASDAQ (SWMAY).

FORWARD LOOKING STATEMENTS: Certain matters discussed within this press release may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Although management believes that its financial expectations are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. The following factors, among others, could cause the Company's financial performance to differ materially from that expressed in such statements: (1) changes in consumer preferences resulting in a decline in the demand for and consumption of chewing tobacco, (2) an increase in the price of raw materials, (3) additional governmental regulation of tobacco or further tobacco litigation, and (4) enactment of new or significant increases in existing excise taxes.

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