



OMX Nordic Exchange: SWMA

PRESS RELEASE

23 March, 2009

Annual General Meeting of Swedish Match AB (publ)

The shareholders of Swedish Match AB are hereby notified of the Annual General Meeting of Shareholders to be held on Tuesday April 28, 2009 at 16:30 (CET) at Hotel Rival, Mariatorget 3, Stockholm, Sweden.

The Board of Directors proposes an increased dividend to 4.10 SEK per share. The proposed record date for entitlement to receive a cash dividend is May 4, 2009. The Board also proposes that the current mandate to repurchase up to 10 percent of all shares in the Company for a maximum amount of 3,000 MSEK be prolonged. In addition the Board will also propose a reduction in the Company's share capital of 6,110,045.76 SEK through withdrawal of 4,000,000 previously repurchased shares, with a simultaneous bonus issue without issuing new shares, of the corresponding amount to restore the share capital. Furthermore, the Board will propose that the reduction be allocated to a fund for use in repurchasing the Company's own shares.

The Nominating Committee of Swedish Match AB proposes re-election of Charles A. Blixt, Andrew Cripps, Karen Guerra, Arne Jurbrant, Conny Karlsson, Kersti Strandqvist and Meg Tivéus. Conny Karlsson is proposed to be re-elected as Chairman of the Board and Andrew Cripps is proposed to be re-elected as Deputy Chairman of the Board.

The Nominating Committee consists of Michael Allison (Morgan Stanley Investment Management), William N. Booth (Wellington Management Company), Andy Brown (Cedar Rock Capital), Mads Eg Gensmann (Parvus Asset Management), chairman, and Conny Karlsson.

The complete notice of the Annual General Meeting can be found on the corporate web site: www.swedishmatch.com, and is also enclosed.

Swedish Match produces and sells market-leading brands in smokefree tobacco products, cigars, pipe tobacco and lights products. The Company sells products across the globe, with production units in 11 countries. The Group's global operations generated sales of 13,162 MSEK for the twelve month period ending December 31, 2008. The Swedish Match share is listed on the NASDAQ OMX Stockholm (SWMA).

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Agenda

1. Opening of the Meeting and election of the Chairman of the Meeting.
2. Preparation and approval of the voting list.
3. Election of one or two persons, to verify the Minutes.
4. Determination of whether the Meeting has been duly convened.
5. Approval of the Agenda.
6. Presentation of the Annual Report and the Auditors' Report, the Consolidated Financial Statements and the Auditors' Report on the Consolidated Financial Statements for 2008, the Auditors' Statement regarding compliance with the principles for determination of remuneration to senior executives as well as the Board of Directors' motion regarding the allocation of profit and explanatory statements.
In connection therewith, the President's address and the Board of Directors' report regarding its work and the work and function of the Compensation Committee and the Audit Committee.
7. Adoption of the Income Statement and Balance Sheet and of the Consolidated Income Statement and Consolidated Balance Sheet.
8. Resolution in respect of allocation of the Company's profit in accordance with the adopted Balance Sheet and resolution on record day for dividend.
9. Resolution regarding discharge from liability for the Board members and the President.
10. a) Resolution regarding the reduction of the share capital by way of a recall of repurchased shares, and the transfer of the reduced amount to a fund for use in repurchasing the Company's own shares; and
b) Resolution regarding a bonus issue.
11. Resolution regarding the authorization of the Board of Directors to decide on the acquisition of shares in the Company.
12. Adoption of principles for determination of remuneration payable to senior executives.
13. Resolution regarding adoption of the 2009 stock option program.
14. Resolution regarding the issue by the Company of call options on treasury shares in the Company for the 2008 option program, as well as the right of the Company to transfer shares in the Company in conjunction with any exercise of the call options.
15. Determination of the number of Board members to be elected by the Meeting.
16. Determination of the remuneration to be paid to the Board of Directors.
17. Election of members of the Board, the Chairman of the Board and the Deputy Chairman of the Board.
18. Resolution regarding amendments to the Articles of Association.
19. Resolution regarding the procedure for appointing members to the Nominating Committee and the matter of remuneration for the Nominating Committee, if any.
20. Adoption of Instructions for Swedish Match AB's Nominating Committee.

The proposals of the Nominating Committee appointed after the Annual General Meeting of Shareholders in 2008

Item 1: Claes Beyer, attorney at law, is proposed as the Chairman of the Meeting.

Item 15: The Board of Directors shall comprise seven members elected by the Annual General Meeting and no Deputies.

Item 16: It is proposed that the fees to the Board of Directors be paid as follows for the period until the close of the next Annual General Meeting: the Chairman shall receive 1,575,000 SEK, the Deputy Chairman shall receive 745,000 SEK and the other Board members elected by the Meeting shall each receive 630,000 SEK. It is furthermore proposed that the Board, as remuneration for committee work carried out, be allotted 230,000 SEK to the Chairmen of the Compensation Committee and the Audit Committee respectively and 115,000 SEK respectively to the other members of these committees, although totaling no more than 920,000 SEK. It is proposed that members of the Board employed by the Swedish Match Group not receive any remuneration.

Item 17: The following Board members are proposed for re-election: Charles A. Blixt, Andrew Cripps, Karen Guerra, Arne Jurbrant, Conny Karlsson, Kersti Strandqvist and Meg Tivéus. Conny Karlsson is proposed to be reelected as Chairman of the Board and Andrew Cripps is proposed to be reelected as Deputy Chairman of the Board.

Item 19: The Nominating Committee proposes that the Chairman of the Board shall be given a mandate to contact the Company's four largest shareholders and ask them each to appoint one representative to form the Nominating Committee, together with the Chairman of the Board, for the period until a new Nominating Committee has been appointed in accordance with a mandate from the next Annual General Meeting. If any of these shareholders waives its right to appoint a representative, the next largest shareholder in terms of the number of votes shall be asked to appoint a representative. The names of the members of the Nominating Committee shall be published no later than six months prior to the 2010 Annual General Meeting. The four largest shareholders are identified on the basis of the known numbers of votes in due time before the date falling six months before the Annual General Meeting. No remuneration shall be payable to the members of the Nominating Committee. Any expenses incurred in the course of the Nominating Committee's work shall be borne by the Company.

Item 20: The Nominating Committee proposes that the Meeting should adopt the Instructions for Swedish Match AB's Nominating Committee, which in all essentials are identical to those adopted by the 2008 Annual General Meeting.

The motions of the Board of Directors

Item 8: The Board of Directors proposes that a dividend be paid to the shareholders in the amount of 4.10 SEK per share. The Board of Directors proposes that the remaining profits be carried forward, minus the funds that may be utilized for a bonus issue, provided that the 2009 Annual General Meeting passes a resolution in accordance with the Board of Directors' motion concerning a reduction of the share capital pursuant to item 10 a) below, as well as a resolution concerning a bonus issue in accordance with the Board of Directors' motion pursuant to item 10 b) below. The proposed record date for entitlement to receive a cash dividend is May 4, 2009. The dividend is expected to be paid through Euroclear Sweden AB (former VPC AB), on May 7, 2009.

Item 10 a): The Board of Directors proposes a reduction in the Company's share capital of 6,110,045.76 SEK by means of the withdrawal of 4,000,000 shares in the Company. The shares in the Company proposed for withdrawal have been repurchased by the Company in accordance with the authorization granted by the

General Meeting of the Company. The Board of Directors further proposes that the reduced amount be allocated to a fund for use in repurchasing the Company's own shares.

Item 10 b): Provided that the Meeting passes a resolution in accordance with the Board's motion under item 10 a) above, the Board of Directors proposes an increase in the Company's share capital of 6,110,045.76 SEK through a transfer from non-restricted shareholders' equity to the share capital (bonus issue). The share capital shall be increased without issuing new shares. The reason for the bonus issue is that if the Company transfers an amount corresponding to the amount by which the share capital is reduced in accordance with the Board's motion under item 10 a) above, the resolution to reduce the share capital can be passed without obtaining the permission of the Swedish Companies Registration Office (Bolagsverket), or, in disputed cases, court permission.

The effect of the Board of Directors' motion under item 10 a) entails a reduction in the Company's share capital of 6,110,045.76 SEK. The effect of the Board of Directors' motion under item 10 b) is a corresponding increase in the Company's share capital through a bonus issue, thereby restoring it to its balance prior to the reduction.

The resolution of the General Meeting in accordance with the Board's motion under item 10 a) is contingent upon it being supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

Item 11: The Board of Directors proposes that it be authorized to decide on the acquisition, on one or more occasions prior to the next Annual General Meeting, of a maximum of as many shares as may be acquired without the Company's holding at any time exceeding 10 percent of all shares in the Company, for a maximum amount of 3,000 MSEK. The shares shall be acquired on NASDAQ OMX Stockholm at a price within the price interval registered at any given time, i.e. the interval between the highest bid price and the lowest offer price. The purpose of the repurchase is primarily to enable the Company's capital structure to be adjusted and to cover the allocation of options as part of the Company's option program.

The resolution of the General Meeting with regard to the Board motions under item 11 is contingent upon it being supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

Item 12: The Board of Directors propose that the 2009 Annual General Meeting adopt the following principles for determining remuneration and other terms of employment for the President and other members of the Group Management Team, i.e. currently the President, Divisional Presidents and Senior Vice Presidents in charge of Group functions reporting directly to the President.

The objective of these principles is to ensure that the Company is able to recruit and retain employees with appropriate skills and qualifications for their respective duties. The remuneration structures shall encourage employees to do their utmost to safeguard shareholders' interests. Swedish Match takes into account both global remuneration practice and the practice of the country of residence of each member of the Group Management Team. The principles shall apply to remuneration and other terms of employment for the Group Management Team and apply to employment agreements entered into after the approval of the principles by the Annual General Meeting 2009 and for changes made to existing employment agreements thereafter. The Annual Report for 2008 sets out details of the remuneration and benefits of the Group Management Team during 2008.

The total remuneration paid to Group Management Team consists of fixed salary, annual variable salary, pension benefits, other benefits, terms related to termination of employment and, subject to approval by the Annual General Meeting for each

year, a long-term share-related incentive program.

1. Fixed salary

The fixed salary for the Group Management Team shall correspond to market rates and shall be based on each member's competence, responsibility and performance.

2. Variable salary

The members of the Group Management Team may be entitled to a variable salary in addition to the fixed salary. The variable salary shall primarily be based on specific, clear and measurable financial or operational objectives set by the Board of Directors from year to year. A maximum of 25 per cent of the variable salary may be based on individual objectives set by the President (and in relation to the President by the Board of Directors). Variable salary shall, for each member of the Group Management Team, be capped in relation to the fixed salary and shall reflect the market practice in the country of residence. The Group Management Team may, subject to decision by the Annual General Meeting, be covered by a long term share related incentive program.

It is estimated that the Company's maximum cost for variable salary for 2009 will amount to 14,3 MSEK.

3. Profit Sharing System

All employees in Sweden are participating in Swedish Match's profit sharing system ("PSS"). For 2008 the contribution for each employee to PSS amounted to SEK 31,876.

4. Insurable benefits

Old age pension, disability and sickness benefits, medical benefits and life insurance benefits shall be designed to reflect the practices in the country where a member of the Group Management Team is resident. Members of the Group Management Team residing in Sweden shall be covered by the ITP plan (supplementary pensions for salaried employees) for portions of their salary up to 30 times the income base amount and by defined contribution pensions for portions of their salary in excess thereof. Pensions for members of the Group Management Team residing outside Sweden shall preferably be through defined contribution pensions based on the fixed salary.

5. Severance pay, etc

A mutual period of notice of six months shall apply. Severance pay shall normally total a maximum of eighteen months fixed salary if notice of termination is given by the Company. The severance pay shall be reduced by income from other employment or assignments, but by no more than 50 per cent thereof and no more than half of the severance pay. In individual cases the Board of Directors may approve severance arrangements where notice of termination given by the employee due to significant structural changes, in certain circumstances, is equated with notice of termination served by the Company.

6. Other benefits

Other benefits shall be payable in accordance with local custom. The combined value of these benefits shall constitute a limited value in relation to the total remuneration package and shall correspond to the market norm.

7. The Board's right to deviate from the principles

The Board of Directors shall be entitled to deviate from the principles approved by the Annual General Meeting if specific reasons for doing so exist in any individual case.

8. Committee work and decisions

Swedish Match's Board of Directors shall have a Compensation Committee. The Committee has the authority to approve salary and other remuneration and employment terms for members of the Group Management Team, except those regarding the President. The Committee shall also prepare and present proposals for the Board's decisions on issues relating to share related incentive schemes and for salary and other remuneration and employment terms for the President. In addition hereto, the Committee is authorized to decide (and in relation to the President to propose to the Board of Directors) the further details of how to set the criteria and targets on which the variable salary is based for the Group Management Team.

9. Previous undertakings not yet due

The Company has no previous undertakings not yet due besides what is evident from the Annual Report 2008.

Item 13: The Board of Directors proposes that the Meeting approve the call option program for 2009. The call option

program proposed by the Board for 2009 comprises a maximum of 74 employees (the President and other members of the Group Management Team included). Allotment of options in accordance with the program is based on the result of two mutually independent criteria:

- *firstly*, the average annual improvement in the Group's earnings per share during the period from 2007 to 2009 (i.e. 2007 in comparison with 2006, 2008 in comparison with 2007 and 2009 in comparison with 2008). Maximum allotment in accordance with this criterion shall occur if the average improvement during the three-year period is 20 percent or more. No allotment will be made if the average improvement is less than 5 percent;
- *secondly*, the result of the average return after tax on operating capital, adjusted for accumulated amortization of intangible assets during the years from 2007 to 2009 in comparison with the average return after tax on operating capital, adjusted for accumulated amortization of intangible assets, during the years from 2006 to 2008. Of the maximum allotment in accordance with this criterion, 75 percent shall accrue if the return has remained unchanged and maximum allotment in accordance with this criterion shall accrue if the latest three-year average has increased by two percentage points or more in relation to the preceding three-year average. No allotment will be made in accordance with this criterion if the latest three-year average for the return is two percentage points lower than for the preceding period.

Both of these criteria (improvement of earnings per share, and improvement in the return after tax on operating capital adjusted for amortization of intangible assets) are equally weighted when determining allotment in accordance with the option program. When only one of the criteria set forth above is met, allotment will thus comprise a maximum of 50 percent of the maximum allotment.

When calculating the earnings per share and the average return on adjusted operating capital after tax, the calculations may, at the discretion of the Board of Directors, be adjusted to take into account the distortive effect of larger one-time items.

The market value of the options shall be determined by an independent valuation institute in accordance with a generally accepted valuation model (Black-Scholes). Employees domiciled in countries where the allotment of options constitutes a taxable benefit at the time of grant shall receive a cash payment from the Company equal to the maximum value of allotment and shall at a minimum purchase allotted options from the Company for an amount equal to such payment net after tax. For other employees the options shall be received without payment from the employees. The combined maximum value of the options allotted in accordance with the proposed option program for 2009 shall not exceed 49 MSEK. The options are freely transferable and are not conditioned on employment. The options can be exercised to acquire shares in the Company during the period March, 2013 up to and including February, 2015 and shall carry an exercise price corresponding to 120 percent of the average share price during a ten-day period after the published year-end report for 2009.

Commitments under the option program may be hedged by repurchasing shares in the Company and transferring such shares in conjunction with any demand for the redemption of the call options. Any resolution regarding the repurchase and transfer of shares in the Company and the issue of call options for the 2009 option program shall be taken by the 2010 Annual General Meeting. Ultimate allotment, based on the result for 2009, will be determined by the Compensation Committee at the time of the publication of the full-year report for 2009.

The Group Management Team may be allotted call options with a value that corresponds to a maximum of 65 percent of the

respective Group Management Team member's fixed salary. This corresponds to a maximum allotment to the Group Management Team of call options with a value of approximately 16.5 MSEK, of which the President can be allotted options to a value corresponding to a maximum of approximately 3.5 MSEK. The other participants may collectively be allotted options with a maximum value of 32.5 MSEK.

It is estimated that maximum allotment of options, at a total value of 49 MSEK, will give rise to social security contributions of approximately 8.1 MSEK for the Swedish participants in the program. Taken as a whole, this may mean a charge of 57.1 MSEK against operating profit during the year the options are vested, provided that the options are issued by the Company.

The Board of Directors' motion regarding the 2009 employee stock option program has been prepared by the Compensation Committee.

Item 14: According to the call option program for 2008, which was adopted by the Annual General Meeting of April 2008, certain senior executives shall be allotted a minimum of 6,340 options and a maximum of 179,385 options per person. The options may be exercised for the purchase of shares during the period from March 2012 to February 2014 inclusive, at an exercise price of 141.24 SEK. The terms and conditions applying to the options were established on the basis of the average price of the Swedish Match share on the NASDAQ OMX Stockholm during the period from February 18 to March 3, 2009 inclusive, which was 117.70 SEK. The market value of the options, calculated on the basis of conditions prevailing at the time when the terms and conditions applying to the options were established, has been established by an independent valuation institute to be 16.56 SEK per option, corresponding to a total maximum value of 28,483,200 SEK. The Board of Directors proposes that the Meeting resolve that the Company issue 1,720,000 call options to execute the option program for 2008. The Board of Directors further proposes that the Company, in a deviation from the preferential rights of shareholders, be permitted to transfer of 1,720,000 shares in the Company at a selling price of 141.24 SEK per share in conjunction with a potential exercise of the call options. The number of shares and the selling price of the shares covered by the transfer resolution in accordance with this item may be recalculated as a consequence of a bonus issue of shares, a consolidation or split of shares, a new share issue, a reduction in the share capital, or another similar measure.

The resolution of the General Meeting in accordance with the Board's motions under item 14 is contingent upon it being supported by shareholders representing at least nine-tenths of both the votes cast and the shares represented at the Meeting.

Item 18: The Board of Directors proposes that the Articles of Association be amended as set out below:

§ 9 Notice of a general meeting shall be announced in the Swedish Official Gazette (Post- och Inrikes Tidningar) and on the Company's website. Information that notice to a general meeting has been issued shall be announced in Svenska Dagbladet.

The resolution of the General Meeting with regard to the Board's proposal under item 18 is contingent upon it being supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

Furthermore, the Board of Directors proposes that the resolution of the General Meeting to amend the Articles of Association in accordance with the above shall be conditional upon an amendment of the procedures for convening general meetings in the Swedish Companies Act (SFS 2005:551) having entered into force and the above proposed wording of the Articles of Association being consistent with the Swedish Companies Act.

Documents

The Annual Report, the Auditors' Report, full details of the resolutions proposed under items 8, 10 a), 10 b), 11, 12, 13, 14 and 18 as well as statements by the Board of Directors, pursuant to Chapter 18 Section 4 and Chapter 19 Section 22 of the

Swedish Companies Act, and the statement by the auditors pursuant to Chapter 8 Section 54 and Chapter 20 Section 14 of the Swedish Companies Act, will be made available at Swedish Match AB's headquarters (Legal Department) at Rosenlundsgatan 36 in Stockholm, Sweden, no later than April 14, 2009. They will also be available on the Company's website, www.swedishmatch.com, on the same date. They can also be ordered from the Company.

Number of shares and votes in the Company

The total number of shares and votes in Swedish Match AB on the issue date of this notice amounted to 255 000 000. As per March 17, 2009 Swedish Match owns 5 397 600 repurchased shares and these shares can consequently not be represented at the Meeting.

Right to participate in the Meeting

Participation in the Meeting is limited to shareholders who both are registered in the register of shareholders maintained by Euroclear AB (former VPC AB) on April 22, 2009, and notify Swedish Match of their intention to participate no later than April 22, 2009, at which time notifications to participate must have been received by Swedish Match. Shareholders who wish to be accompanied by one or two assistants at the Meeting shall also advise Swedish Match thereof within the appointed period of time.

Proxy form

Proxy forms are available upon request and on the Company's website www.swedishmatch.com.

Notice of participation

Notice of participation may be submitted in writing to Swedish Match AB, Legal Department, SE-118 85 Stockholm, Sweden, by telephone at +46 (0) 8 658 02 00 (13:30 – 16:30 CET), by fax

at +46 (0)8 720 76 56, or via the Internet at www.swedishmatch.com/stamman. When giving notice of participation, the shareholder shall state his or her name, address, telephone number (daytime), civic ID/corporate registration number and name of assistants, if any. Receipt of notification will be confirmed by Swedish Match, which will issue an attendance card prior to the Meeting to be presented at the entrance to the venue at which the Meeting is held.

Proxy

Shareholders who are represented by proxy shall issue a power of attorney for the proxy. If the power of attorney is issued by a legal entity, a copy of the corporate registration certificate for the legal entity shall be enclosed (or if no such document is available, an equivalent authorization document). These documents may not be older than one year. To facilitate entry at the Meeting, the power of attorney in the original as well as the corporate registration certificate and other authorization documents should be received by the Company at the address provided above no later than Thursday, April 23, 2009.

Share registration

Shareholders whose shares are nominee registered and who wish to participate in the Meeting must temporarily re-register the shares in their own name, known as voting right registration. Requests for re-registration should be submitted to the bank or broker who administers the shares in sufficient time to allow re-registration to take place no later than Wednesday, April 22, 2009.

The entrance to the venue for the Meeting will opened at 15:30 (CET). Coffee will be served before the Meeting.

Stockholm, March 2009
The Board of Directors