



## **PRESS RELEASE**

*Thursday, 20 January 2000*

### **Swedish Match to Make Major Investment in General Cigar Holdings Inc.**

- **Swedish Match to acquire 64% of General Cigar common stock**
- **The Cullman family will continue its management responsibility of the company and retain ownership of the remaining 36%**
- **Partnership with General Cigar strengthens Swedish Match position as a leading global cigar company**

General Cigar Holdings, Inc. (NYSE: MPP) and Swedish Match AB (Stockholm Stock Exchange: SWMA, NASDAQ: SWMAY) announced today that they have signed definitive agreements for Swedish Match to acquire a 64% interest in General Cigar. The remaining 36% will be held by the Cullman family, which currently controls the company. Management of the company will not change as a consequence of the transaction.

General Cigar produces the number one selling premium cigar in the United States, Macanudo, and several other strong premium brands sold in the US, including Partagas, Punch, Hoyo de Monterrey, and Cohiba. The company, which traces its roots to 1906, has been managed by the Cullman family since 1961 and is recognized as a world leader in the premium cigar business. General Cigar reported sales of \$108 million for the nine-month period ended August 28, 1999.

Swedish Match will invest approximately \$170 million to buy certain family-owned shares and to provide part of the financing to allow all of the outstanding non-family shares to be acquired in the transaction. General Cigar will provide the remainder of the financing required for the transaction. Following the transaction, General Cigar's shares will no longer be publicly traded.

The transaction is subject to the vote of General Cigar's stockholders at a meeting anticipated to be held in the spring, including a vote of a majority of the publicly-held shares. The Cullman family has agreed to vote all of its shares of General Cigar stock in favor of the transaction, which has been recommended by the unanimous vote of an independent committee of the company's Board of Directors.

Edgar Cullman, Sr., the Chairman of the Board, and Edgar Cullman, Jr., the President and CEO of General Cigar, will both continue in their existing roles. General Cigar corporate headquarters are in New York City, New York, with production facilities in Santiago, Dominican Republic; Kingston, Jamaica; San Pedro Sula and Danli, Honduras; and Tampa, Florida. General Cigar is one of the leading suppliers of high-quality Connecticut shade wrapper to the world.

“We have formed a strong business relationship with Swedish Match following the sale of our mass market business to them last spring. With the cigar market becoming more global, Swedish Match’s interest in our premium cigar business has now resulted in this transaction and allowed us an opportunity to improve significantly shareholder value. Indeed, our family will be selling approximately one-third of our holdings along with all the shareholders,” said Edgar M. Cullman, Jr., General Cigar’s Chief Executive Officer.

Lennart Sundén, Swedish Match’s President and CEO said, “In General Cigar and the Cullman family we are associating ourselves with one of the most respected and experienced cigar management teams in the world. This provides an opportunity to jointly develop and expand our global position for some of the world’s greatest cigar brands. Our worldwide strength in cigar distribution, and General Cigar’s outstanding market position in the US provide both parties with exciting growth opportunities. We also believe that this transaction is an important step in the consolidation of the world cigar business.”

The transaction is subject to a number of conditions including receipt of requisite shareholder consent, regulatory approvals, and other customary conditions.

Merrill Lynch represented Swedish Match in connection with the transaction.

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*General Cigar, which traces its roots to 1906, is a leading manufacturer and marketer of premium cigar brands including Macanudo, Partagas, Punch, and Hoyo de Monterrey. In addition to being a major grower of high-quality Connecticut shade wrapper tobacco, General Cigar owns and operates the Club Macanudo cigar bars in New York City and Chicago.*

*Swedish Match is an international group with its head office in Stockholm. The company produces an extensive range of OTP (Other Tobacco Products: smokeless tobacco, cigars and pipe tobacco), matches and lighters, which are sold in 140 countries. The company's sales for the 12-month period ended September 30, 1999 were approximately MSEK 9.000. The Swedish Match share is listed on the Stockholm Stock Exchange (SWMA) and NASDAQ (SWMAY).*

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