



PRESS RELEASE

NASDAQ: SWMAY OM Stockholm Exchange: SWMA

June 28, 2000

THE LEGALITY OF THE EU BAN ON SWEDISH SNUS TO BE REVIEWED

Swedish Match has decided to appeal the ruling of a local court in Cologne, Germany, not to allow Swedish "snus" to continue to be sold in Germany. Swedish Match will also ask that the question of the legality of the ban on certain smokeless tobacco products be referred to the European Court of Justice.

"It is our firm opinion that the EU ban on certain smokeless tobacco products - to the extent it covers snus - violates fundamental EU-principles, foremost the principles of non-discrimination and proportionality" says Lennart Sundén, President and CEO of Swedish Match. "Despite the legal case however, we are anxious to continue an honest dialogue with the Commission and national authorities on the strength of the evidence for fully allowing snus on the European market".

"A significant body of scientific evidence now clearly shows that the health risks associated with using snus are significantly less than those associated with cigarette smoking", says Lennart Sundén. "Both the European Commission and the European Parliament have recognised this".

"We believe that snus can play a useful role in Europe's strategy to reduce cigarette smoking by providing a viable alternative to cigarettes. Swedish studies demonstrate the constructive role snus can play in a harm reduction strategy. Sweden is the first country in the world to reach WHO's target of less than 20 % of the adult population being daily cigarette smokers. The presence of snus on the Swedish market has clearly played an important role in that context", Lennart Sundén comments.

"In light of all the evidence it is a matter for regret that the Court in Cologne has decided to prevent the sale of snus in Germany, but given the wording in the EU directive of the definition covering smokeless tobaccos, it is understandable", Lennart Sundén further says. "Faced with this legal challenge we have decided to appeal and to ask the Court of Appeals to refer the question of the legality of the ban to the European Court of Justice so that we can have legal clarity on this issue and move forward from there".

Swedish snus is a moist snuff tobacco product that is used orally. The legislative background is Art. 2.4 of Directive 92/41 EEC. Article 2.4 defines those smokeless tobaccos that may not legally be sold in the European Union. Since snus is widely used in Sweden the Swedish government obtained permanent derogation from the ban on certain smokeless tobacco products as part of the terms under which Sweden joined the European Union.

Following the implementation of Directive 92/41 EEC to German law, Swedish Match wrote to the German Government twice, in 1996 and 1998, to ask for a ruling on whether snus could continue to be legally sold in Germany, as it has been since 1982. In anticipation of a clarification snus has continued to be sold in Germany. The issue has not surfaced until now.

Swedish Match is an international group with its head office in Stockholm. The company manufactures a broad range of products within the OTP (Other Tobacco Products) category, with smokeless tobacco as its core business along with cigars and pipe tobacco, as well as matches and lighters. The products are sold in approximately 140 countries. Sales for the twelve months period ending March 31, 2000 amounted to approximately 9,600 SEK. Swedish Match is listed on OM Stockholm Stock Exchange (SWMA) and on NASDAQ (SWMAY).

For further information, please contact:

Lennart Sundén, President and CEO

+46 8 658 01 75 office)

Sven Hindrikes, Executive Vice President and CFO

+46 8 658 02 82 (office)

*Bo Aulin, Senior Vice President,
Secretary and General Counsel*

+46 8 658 03 64 (office)

+46 70 558 03 64 (mobile)