

MINUTES

kept at the Annual General Meeting of Shareholders of Swedish Match AB (publ), Swedish company reg. no. 556015-0756, on 2 May 2011 in Stockholm

§ 1

Sven Unger was elected as Chairman of the Meeting.

It was noted that Fredrik Peyron was requested to keep the minutes at the Meeting.

§ 2

The list of shareholders present was approved as the list of those entitled to vote, Appendix 1.

§ 3

Magnus Henjeby and Anders Oscarsson were appointed to check the minutes together with the Chairman of the Meeting.

§ 4

The Meeting was declared to have been duly convened.

The Notice to attend the Meeting was appended to the minutes, Appendix 2.

§ 5

The Agenda was approved as set out in Appendix 3.

§ 6

The Annual Report and the Audit Report as well as the Consolidated Accounts and the Consolidated Audit Report for the period 1st January – 31st December 2010 were submitted. In addition, the Board of Directors' proposal regarding the allocation of profit and explanatory statement were submitted, Appendix 4 and 5, as well as the Auditor's report regarding compliance with the principles for the compensation of senior executives previously adopted, Appendix 6.

The President gave a presentation of the Company's operations.

The Chairman of the Board reported on the work of the Board of Directors and the Chairman of the Audit Committee, Meg Tivéus, reported on the work and function of the Audit Committee and presented the auditing costs and other fees paid to Swedish Match's auditors in 2010.

The auditor, Thomas Thiel, reported on the auditing work.

Questions from the shareholders were answered by the president, the Chairman of the Board, the Chief Financial Officer and by the auditor.

§ 7

It was resolved to adopt the income statement and balance sheet, along with the consolidated income statement and consolidated balance sheet, presented in the Annual Report, Appendix 7.

§ 8

It was resolved that the funds at the disposal of the Annual General Meeting, i.e. MSEK 21,188 shall be appropriated as follows: a dividend of SEK 5.50 per share to be paid to the shareholders for each share in Swedish Match AB, that -34 MSEK be carried forwards as a hedge reserve, that the remaining earnings be carried forward,

and that the record date for determining who is entitled to receive a cash dividend shall be 5 May 2011.

§ 9

It was resolved to discharge the members of the Board of Directors and the Presidents in office during the relevant period from liability for the period 1st January – 31st December 2010.

It was noted that the members of the Board of Directors and the President did not take part in the resolution.

§ 10

a) The Board of Directors' proposal according to Appendix 8 was submitted.

Sveriges Aktiesparares Riksförbund, Aktiespararna Topp Sverige, (below jointly referred to as "Aktiespararna") represented by Per Lundin, submitted as an alternative motion to reject the proposal submitted by the Board of Directors.

Questions from the shareholders were answered by the president and by the auditor.

Pursuant to the Board of Directors' proposal according to Appendix 8, it was resolved

that the Company's share capital shall be reduced by SEK 30,351,852 by means of the withdrawal of 18,000,000 shares in the Company; and

that the reduced amount shall be allocated to a fund for use in repurchasing the Company's own shares.

It was noted that the resolution was supported with at least two thirds of the votes cast and the votes represented at the Meeting, and that the resolution had been passed with the requisite majority.

b) Pursuant to the Board of Directors' proposal, Appendix 8, it was resolved that the Company's share capital shall be increased by SEK 30,351,852 through a transfer from non-restricted shareholders' equity to the share capital (bonus issue), whereby the share capital shall be increased without issuing new shares.

§ 11

The Board of Directors' proposal according to Appendix 9 was submitted.

Aktiespararna, represented by Per Lundin, submitted an alternative motion to reject the proposal submitted by the Board of Directors.

Pursuant to the Board of Directors' proposal according to Appendix 9, it was resolved to authorise the Board of Directors to decide to acquire, on one or more occasion prior to the next Annual General Meeting, a maximum of as many shares as may be acquired without the Company's holding at any time exceeding 10 per cent of all shares in the Company; and

that the shares shall be acquired on the 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 programme.

The Board of Directors shall be able to resolve that purchase of own shares shall be made within a repurchase programme in accordance with the Commissions Regulation (EC) no 2273/2003, if the purpose of the authorisation and the purchase only is to decrease the Company's equity and/or to meet obligations arising from the Company's option programme.

It was noted

that the resolution was supported with at least two thirds of the votes cast and the votes represented at the Meeting,

that the resolution had been passed with the requisite majority, and

that Aktiespararna registered a reservation against the decision.

§ 12

The Board of Directors' proposal according to Appendix 10 was submitted.

The Chairman of the Board reported on the work and function of the Compensation Committee.

Pursuant to the Board of Directors' proposal according to Appendix 10, it was resolved to adopt the principles for determination of salary and other remuneration payable to the President and other members of the Company management.

§ 13

The Chairman of the Nominating Committee, Mads Eg Gensmann, reported on how the work of the Nominating Committee had been performed.

Pursuant to the Nominating Committee's proposal, it was resolved that the Board of Directors shall, for the period lasting until the end of the next Annual General Meeting, consist of six ordinary Board members.

§ 14

It was resolved that the Board of Directors in total, for the period up to and including the date when the next Annual General Meeting is held, shall receive the following fees:

- the Chairman shall receive a fee of SEK 1,710,000, the Deputy Chairman shall receive SEK 810,000 and other Members of the Board elected by the General Meeting of Shareholders shall each receive a fee of SEK 685,000;
- the Chairmen of the Compensation Committee and the Audit Committee shall receive SEK 250,000 respectively and the other members of these committees shall each receive SEK 125,000; and that
- Members of the Board employed by the Swedish Match Group shall not receive any Directors' fees.

The remuneration to a board member may, subject to a specific agreement with Swedish Match AB, be invoiced from a company. In order for the Company to enjoy full cost neutrality, the invoiced remuneration shall be adjusted for social security charges and value added tax.

§ 15

Pursuant to the Nominating Committee's proposal according to Appendix 11, it was resolved

that, for the period lasting until the end of the next Annual General Meeting, the following persons were elected as ordinary Board members: Andrew Cripps, Karen Guerra, Conny Karlsson, Robert F. Sharpe, Meg Tivéus and Joakim Westh.

that Conny Karlsson was elected Chairman of the Board of Directors, and

that Andrew Cripps was elected Deputy Chairman of the Board of Directors.

It was noted that the employees' organisations had, in special elections, appointed Kenneth Ek (the Swedish Federation of Salaried Employees in Industry and Services, PTK), Eva Larsson (the Swedish Trade Union Confederation, LO) and Joakim Lindström (the Swedish Trade Union Confederation, LO) as ordinary Board members, as well as Eva Norlén Moritz (the Swedish Federation of Salaried Employees in Industry and Services, PTK), Håkan Johansson (the Swedish Trade Union Confederation, LO) and Gert-Inge Rang (the Swedish Federation of Salaried Employees in Industry and Services, PTK) as deputy Board members.

§ 16

The Board of Directors' proposal according to Appendix 12 was submitted.

Pursuant to the Nominating Committee's proposal according to Appendix 12, it was resolved

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 make up the Nominating Committee, together with the Chairman of the Board, for the period until a new Nominating Committee has been appointed. If any of these shareholders

waives his or her 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 before each Annual General Meeting. The four largest shareholders shall be identified on the basis of the known numbers of votes on August 31, the year before the forthcoming Annual General Meeting; and

that 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.

It was noted that this decision is valid until another method of appointing the Nominating Committee is decided.

§ 17

The Board of Directors' proposal according to Appendix 13 was submitted.

Pursuant to the Nominating Committee's proposal according to Appendix 13, it was resolved to adopt the Instructions for Swedish Match AB's Nominating Committee.

Minutes checked by:

Minutes kept by:

Sven Unger
Chairman

Fredrik Peyron

Magnus Henjeby

Anders Oscarsson

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 Monday May 2, 2011 at 16:30 (CET) at Hotel Rival, Mariatorget 3, Stockholm, Sweden.

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 2010, 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 report regarding the work of the Board of Directors and the work and function of 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. In connection therewith the report regarding the work and function of the Compensation Committee.
- 13.** Determination of the number of Board members to be elected by the Meeting.
- 14.** Determination of the remuneration to be paid to the Board of Directors.
- 15.** Election of members of the Board, the Chairman of the Board and the Deputy Chairman of the Board.
- 16.** Resolution regarding the procedure for appointing members to the Nominating Committee and the matter of remuneration for the Nominating Committee, if any.
- 17.** 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 2010

Item 1: Sven Unger, attorney at law, is proposed as the Chairman of the Meeting.

Item 13: The Board of Directors shall comprise six members elected by the Annual General Meeting and no Deputies.

Item 14: 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 1,710,000 SEK, the Deputy Chairman shall receive 810,000 SEK and the other Board members elected by the Meeting shall each receive 685,000 SEK. It is further proposed that the Board, as remuneration for committee work carried out, be allotted 250,000 SEK to the Chairmen of the Compensation Committee and the Audit Committee respectively and 125,000 SEK respectively to the other members of these committees. It is proposed that members of the Board employed by the Swedish Match Group not receive any remuneration.

Item 15: The following Board members are proposed for re-election: Andrew Cripps, Karen Guerra, Conny Karlsson, and Meg Tivéus. The Nominating Committee proposes the election of Robert F. Sharpe and Joakim Westh as new members of the Board. Charles A. Blixt, Arne Jurbrant and Kersti Strandqvist have declined re-election. 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.

Item 16: 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. 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 before each Annual General Meeting. The four largest shareholders shall be identified on the basis of the known numbers of votes on August 31, the year before the forthcoming 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 17: The Nominating Committee proposes that the Meeting should adopt the Instructions for Swedish Match AB's Nominating Committee.

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 5.50 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 2011 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 5, 2011. The dividend is expected to be paid through Euroclear Sweden AB, on May 10, 2011.

Item 10 a): The Board of Directors proposes a reduction in the Company's share capital of 30,351,852 SEK by means of the withdrawal of 18,000,000 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 30,351,852 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 30,351,852 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. 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 selling 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 Director proposes principles for remuneration and other terms of employment for the President and other members of the Group management whereby remuneration and other terms of employment for the Group management shall correspond to market practise. In addition to the fixed salary, the members of the Group

management may be entitled to variable salary. The variable salary may include both an annual short term program to be paid out in the beginning of the subsequent year depending on the outcome of the program, and a long term program with a performance period which shall not be shorter than three years. The variable salary, which shall be capped in relation to the fixed salary, shall primarily be based on specific, clear, predetermined and measurable financial or operational criteria and may include an obligation to purchase and hold shares in the Company. Full details on the proposed principles and their application on 2011 variable salary are available on the Company's website www.swedishmatch.com.

Documents

The Annual Report, the Auditors' Report, full details of the resolutions proposed under items 8, 10 a), 10 b), 11, 12, 15 and 17 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 Västra Trädgårdsgatan 15 in Stockholm, Sweden, no later than April 11, 2011. 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. The documents will also be available at the Meeting.

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 231,000,000. As per March 21, 2011 Swedish Match owns 20,385,153 repurchased shares and these shares can consequently not be represented at the Meeting.

Right to participate in the Meeting

In order to participate in the Meeting you need to be registered as a shareholder in the register of shareholders maintained by Euroclear AB on April 26, 2011. In addition, you need to notify Swedish Match of your intention to participate no later than April 26, 2011, 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, "Årsstämman", P.O Box 7842, SE-103 98 Stockholm, Sweden, by telephone at +46 (0)8 402 90 42 (09:00 – 16:00 CET), 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). The proxy is valid for one year from the issuance or the longer period of validity stated in the proxy, however not more than five years from the issuance. 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 Wednesday, April 27, 2011.

Share registration

Shareholders whose shares are nominee registered and who wish to participate in the Meeting must re-register the shares in their own name. Such re-registration may be temporarily, 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 be effective on Tuesday, April 26, 2011.

Information at the Annual General Meeting

The Board of Directors and the President shall, if any shareholder so requests and the Board of directors believes that it can be done without material harm to the Company, provide information regarding circumstances that may affect the assessment of an item on the agenda, and circumstances that can affect the assessment of the Company's or its subsidiaries' financial position and the Company's relation to other companies within the Group.

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

Stockholm, March 2011

The Board of Directors

AGENDA
OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
SWEDISH MATCH AB
MONDAY, 2 MAY 2011, AT 4:30 PM

1. Election of Chairman of the Meeting.
2. Preparation and approval of the list of shareholders entitled to vote at the Meeting.
3. Election of one or two persons who, in addition to the Chariman, shall verify the minutes.
4. Determination of whether the Meeting has been duly convened and issues relating to attendance of the Meeting.

Notice to attend the Meeting has been published in Post- och Inrikes Tidningar on March 28, 2011 and was available at the Company's website as from March 24, 2011. Information that notice to the Meeting has been issued was announced in Svenska Dagbladet on March 28, 2011.

5. Approval of the Agenda.
6. Presentation of the Annual Report and the Auditors' Report and of the Consolidated Financial Statements and the Auditors' Report on the Consolidated Financial Statements for 2010, the Auditors' Statement regarding compliance with the principles for the compensation of senior executives as well as the Board of Directors' motion regarding the allocation of profit and explanatory statements.

In connection therewith, the President's speech and the Board of Director's report regarding its work and the work and function of the Audit Committee.

7. Adoption of the Income Statement and Balance Sheet and of the Consolidated Income Statement and Consolidated Balance Sheet.
8. Allocation of the Company's profit as shown in the Balance Sheet adopted by the Meeting.
9. The question of discharging the Members of the Board and of the President from liability.
10. a) The Board of Directors' proposal that the Company's share capital shall be reduced by way of a recall of repurchased shares, and that the reduced amount shall be transferred to a fund for use in repurchasing the Company's own shares; and
b) the Board of Directors' proposed decision on a bonus issue.
11. The Board of Directors' proposal to authorise 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.

In connection therewith the Board of Director's report regarding the work and function of the Compensation Committee.

13. Determination of the number of Board Members to be elected by the Meeting.
14. Determination of the remuneration to be paid to the Board of Directors, specifying the distribution between the Chairman and other Board Members and compensation for committee work.
15. Election of Members of the Board, the Chairman of the Board and the deputy Chairman of the Board.
16. The question of how members of the Nominating Committee shall be appointed and the question of remuneration to the Nominating Committee, if any.
17. Adoption of Instructions for Swedish Match AB's Nominating Committee.

The Board of Directors' proposal under item 8 on the Agenda of the Annual General Meeting of Shareholders of Swedish Match AB on 2 May 2011

The Board of Directors proposes that a dividend be paid to the shareholders in the amount of 5:50 SEK per share. The Board of Directors proposes that the remaining profits be carried forward, minus the funds that may be utilised for a bonus issue, provided that the 2011 Annual General Meeting passes a resolution in accordance with the Board of Directors' proposal concerning a reduction of the share capital pursuant to item 10 a), as well as a resolution concerning a bonus issue in accordance with the Board of Directors' proposal pursuant to item 10 b).

The proposed record date for entitlement to receive a cash dividend is 5 May 2011. The dividend is expected to be paid through Euroclear Sweden AB on 10 May 2011.

The Board of Directors' statement concerning the justification of the proposed allocation of the Company's profit in accordance with Chapter 18, § 4 of the Swedish Company Act is enclosed in Appendix 5.

Statement by the Board of Directors pursuant to chapt. 18, §4 and chapt. 19, §22 of the Swedish Companies Act with regard to the dividend proposal submitted to the 2011 Annual General Meeting in respect of the 2010 financial year, and the Board's proposal regarding a mandate to buy back the Company's own shares.

Background

The Board of Directors has analyzed and evaluated the proposed dividend payment in respect of the 2010 financial year, and the proposed mandate in respect of the buy-back of the Company's own shares. The analysis has been based, among other things, on a review of the Group's financial strategy and a financial and strategic long-term plan, including a risk analysis. The proposed dividend and exercise of share repurchases under the proposed mandate to buy back the Company's own shares have been assessed in view of the financial policy, including dividend policy. Please see the Directors' Report for a description of the financial policy and the dividend policy.

The nature, scope and inherent risks of the operations

The nature of the operations is specified in the Articles of Association and published Annual Reports. The operations conducted by the Company do not entail any risks over and above those that arise, or may be assumed to arise, within the industry, or those generally associated with the conduct of commercial operations. The tobacco industry is relatively insensitive to fluctuations in the economic climate. Please see the Directors' Report for details of significant events and risk factors. No other material events have occurred that affect the Company's ability to make a dividend payment or buy back its own shares.

The financial position of the Company and the Group

The consolidated shareholders' equity has been calculated in accordance with International Financial Reporting Standards (IFRS) adopted by the EU, and by applying RFR 1.3. Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board. On 31st December 2010, the consolidated shareholders' equity was negative and amounted to SEK -484 million, SEK -34 million of which is attributable to a hedge reserve. The Parent Company's shareholders' equity has been calculated in accordance with the same principles as for the Group, with exemptions and supplements by applying the Swedish Financial Reporting Board's recommendation, RFR 2.3, Accounting for Legal Entities. On 31st December 2010, it amounted to SEK 21,578 million. The amount includes market valuation of certain subsidiaries of SEK 18,100 million.

The Group's actual financial position differs from the financial position reported in the most recently published Annual Report in that the companies that make up the corporate Group own a number of assets with market values which exceed the reported values. Based on the closing price of the Swedish Match share on 31st December 2010, the market value of the Group's shareholders' equity was SEK 41,821 million.

As can be seen from the proposed allocation of profits, the Board proposes a dividend of SEK 5.50 per share. Given the number of outstanding shares on 31st December 2010, the total dividend payment is therefore SEK 1,181 million, corresponding to 5.5 per cent of the Parent Company's shareholders' equity and exceeds the Group's reported shareholders' equity by SEK 1,665 million. The ratio of the dividend to the market value of shareholders' equity of the Group on 31st December 2010 is 2.8 per cent.

The Board also proposes that the Annual General Meeting gives the Board a mandate to buy back shares in the Company to the extent that the Company at any time holds a maximum of 10 per cent of its registered shares. Assuming 18.7 million shares bought back at a price of SEK 190 total buy backs would amount to 3,553 MSEK. This amount corresponds to 17.4 per cent of the Parent Company's reported shareholders' equity after proposed dividend payments and exceeds the Group's reported shareholders' equity after dividend payments by SEK 5.2 billion. If exercised in full, the buy-back program would correspond to 8.5 per cent of the market value of the Group's shareholders' equity on 31st December 2010.

The Board considers the proposed mandate to buy back shares to be flexible. The Board will at future board meetings decide and evaluate actual utilization of the mandate.

The Group's interest coverage ratio, based on EBITA (earnings before financial items, adjusted for large non-recurring items, tax and amortization of intangible assets/net interest items) was 7.0 on 31st December 2010, and the net debt in relation to EBITA was 2.2.

The Board is of the opinion that the proposed dividend and the buy-back do not jeopardize fulfillment of the investments deemed necessary.

The proposed asset transfers do not affect the Company's ability to fulfill existing and predicted payment liabilities at the correct time. The Company's liquidity forecast includes a readiness to handle variations in ongoing payment obligations. For a more detailed description of the Group's liquidity, please see note the Group's accounts on Financial Instruments in the most recently published Annual Report.

The Company's financial position does not give rise to any assessment other than that the Company is able to continue its operations and can be expected to fulfill its obligations in both the short and the long term.

Justification of the asset transfers


With reference to the above, the Board believes that the assessment of the Parent Company's and the Group's financial positions justify the asset transfers with reference to the requirements imposed on the size of the Parent Company's and the Group's shareholders' equity by the nature, scope, and inherent risk of the operations, as well as to the consolidation requirements, liquidity and position in general of the Parent Company and the Group's operations.

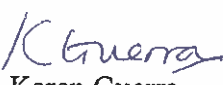
Stockholm 22nd February, 2011


Conny Karlsson
Chairman of the Board



Andrew Cripps
Deputy Chairman



Charles A. Blixt
Board member


Kenneth Ek
Board member



Karen Guerra
Board member


Arne Jurbrant
Board member


Eva Larsson
Board member


Joakim Lindström
Board member


Kersti Strandqvist
Board member


Meg Tiveus
Board member

Unauthorized translation of Swedish original

Auditors' report in accordance with Chapter 8 paragraph 54 of the Swedish Companies Act (2005:551)

To the annual general meeting of the shareholders in Swedish Match AB (publ)

Corporate identity number 556015-0756

Introduction

We have audited whether the Board of Directors and the President of Swedish Match AB (publ) have complied with the guidelines for remuneration to Group Management during 2010, which were approved by the Annual General Meeting of shareholders held on April 28, 2009 and April 27, 2010. The Board of Directors and the President are responsible for compliance with these guidelines. Based on our audit, our responsibility is to express an opinion to the annual general meeting of shareholders as to whether the guidelines adopted by the annual general meeting have been complied with.

The focus and scope of our audit

We conducted our audit in accordance with proposed standard RevR 8 Audit of Remuneration to Officers in Listed Companies issued by FAR SRS, (the institute for the accountancy profession in Sweden). In following this standard, we have planned and performed the audit to obtain reasonable assurance whether the guidelines have been complied with. Our audit has included a review of the company's organization for and the documentation supporting the remuneration to Group Management as well as the decisions related to compliance with the guidelines. Our procedures have also included testing a sample of payments during the year to Group Management. We believe that our audit procedures provide a reasonable basis for our opinion as set out below.

Opinion

In our opinion, the Board of Directors and the President of Swedish Match AB (publ) have, during 2010 complied with the guidelines for remuneration to Group Management which were approved by the annual meetings of shareholders held on April 28, 2009 and April 27, 2010.

Stockholm, March 10, 2011

KPMG AB

Signature on Swedish original

Thomas Thiel

Authorized Public Accountant

Unauthorized translation of Swedish original

Statement by the auditors pursuant to Chapter 20, Section 14 of the Swedish Companies Act (2005:551) in respect of motions concerning the resolutions under Items 10 a) and 10 b) of the agenda of the Annual General Meeting

To the Annual General Meeting of Swedish Match AB, Swedish Company Reg No: 556015-0756

Assignment and allocation of liability

We have examined the Board of Directors' statement concerning its motions for resolutions under Items 10 a) and 10 b) of the agenda of the Annual General Meeting on May 2, 2011. It is the Board of Directors that is responsible for the statement and for preparing it in accordance with the Swedish Companies Act. Our responsibility is to examine the statement to enable us to issue a written opinion on it pursuant to Chapter 20, Section 14 of the Swedish Companies Act. The sole purpose of this opinion is to satisfy the requirements of Chapter 20, Section 14 of the Swedish Companies Act and it may not be used for any other purpose.

Direction and scope of the review

The examination was performed in compliance with draft recommendation RevR 9, *The Auditor's Other Statements Pursuant to the Swedish Companies Act and the Companies Ordinance*, of FARS. This required us to plan and perform the examination to be able to provide an opinion with high, but not absolute assurance about, in our opinion, the accuracy of the statement of the Board of Directors, as well as the appropriateness and correctness of actions taken in connection with the company's restricted equity or share capital. The examination encompassed a sampling of suitable evidence. We believe that our examination provides us with a reasonable basis for our statement set out below.

Opinion

In our opinion, the actions that are to be taken and that will result in no reduction of either the equity or share capital of the company are appropriate and the assessments that the Board has made concerning the effects of these actions are correct.

Stockholm, March 21, 2011

KPMG Bohlins AB

Thomas Thiel
Authorized Public Accountant

The Board of Directors' proposal under items 10 a) and 10 b) on the Agenda of the Annual General Meeting of Shareholders of Swedish Match AB on 2 May 2011

Item 10 a)

The Board of Directors proposes a reduction in the Company's share capital of 30,351,852 SEK by means of the withdrawal of 18,000,000 shares in the Company. The shares in the Company proposed for withdrawal have been repurchased by the Company in accordance with the authorisation 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 proposals under item 10 a) above, the Board of Directors proposes an increase in the Company's share capital of 30,351,852 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 proposals under item 10 a) above, the decision to reduce the share capital can be taken without obtaining the permission of the Swedish Companies' Registration Office (Bolagsverket), or, in disputed cases, the permission of the court.

The effect of the Board of Directors' proposal under item 10 a) entails a reduction in the Company's share capital of 30,351,852 SEK. The effect of the Board of Directors' proposal 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 Auditor's opinion, in accordance with Chapter 20, § 14 of the Swedish Companies Act, concerning this statement by the Board of Directors is enclosed in Appendix 8 A.

The resolution of the General Meeting in accordance with the Board's proposal 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.

The Board of Directors' proposal under item 11 on the agenda of the Annual General Meeting of Shareholders of Swedish Match AB on 2 May 2011

The Board of Directors proposes that it be authorised 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 per cent of all shares in the Company. The shares shall be acquired on the NASDAQ OMX Stockholm, on one or more occasions, at a price within the price interval registered at any given time, i.e. the interval between the highest bid price and the lowest selling 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 programme.

The Board of Directors shall be able to resolve that purchase of own shares shall be made within a repurchase programme in accordance with the Commissions Regulation (EC) no 2273/2003, if the purpose of the authorisation and the purchase only is to decrease the Company's equity and/or to meet obligations arising from the Company's option programme.

The Board of Director's statement concerning the justification of the proposed mandate concerning a buy-back of the Company's own shares pursuant to chapter 19, § 22 of the Swedish Companies Act is enclosed in [Appendix 5](#).

The resolution of the General Meeting with regard to the Board proposals 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.

Previous buy-backs*

Year	2006	2007	2008	2009	2010
Number of repurchased shares	31 533 300	18 493 181	6 714 800	17 860 000	16 502 894
Holding at year-end	5 632 019	11 125 200	5 840 000	19 700 000	16 202 894
Holding at year-end as a percentage of total share capital	2.0 %	4,2%	2,3%	7,8 %	7,0 %

* net after shares sold in conjunction with stock option programmes

The Board of Directors' proposal under item 12 on the Agenda of the Annual General Meeting of Shareholders of Swedish Match AB on 2 May 2011

The Board of Directors proposes that the following principles for remuneration and other terms of employment for the President and other members of the Group management be adopted by the Annual General Meeting 2011. The members of the Group management are referred to below as the "Group Management Team" or "GMT".

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 GMT. The principles apply in relation to members of the GMT appointed after the adoption of the principles, and, in other cases, to the extent permitted under existing agreements. The Annual Report for 2010 sets out details of the remuneration and benefits of the GMT during 2010.

The total remuneration paid to GMT consists of fixed salary, variable components in the form of annual short-term variable remuneration and long-term variable remuneration, pension, other benefits and terms related to termination of employment.

1. Fixed salary

The fixed salary for the GMT shall correspond to market rates and shall be based on each member's competence, country of residence, responsibility and performance.

2. Variable salary

The members of the GMT may be entitled to a variable salary in addition to the fixed salary. The variable salary may include both an annual short term program to be paid out in the beginning of the subsequent year depending on the outcome of the program, and a long term program with a performance period which shall not be shorter than three years. The variable salary shall primarily be based on specific, clear, predetermined and measurable financial or operational criteria set by the Board of Directors in relation to the President, and by the Compensation Committee in relation to the GMT. A maximum of 25 per cent of the short term variable salary may be based on individual objectives established by the Board of Directors in relation to the President and by the Compensation Committee in relation to the GMT. The variable salary shall be capped in relation to the fixed salary and reflect the market practice in the country of residence.

The Company shall have the right to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.

3. Profit Sharing System

All employees in Sweden are participating in Swedish Match's profit sharing system ("PSS"). For 2011 the maximum total accruals for GMT members is estimated to MSEK 0,4.

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 GMT is resident. New members of the GMT shall preferably be covered by defined contribution plans.

5. Severance pay, etc

A mutual period of notice of six months shall apply. Fixed salary during notice of termination and severance payment (if any) shall not exceed an amount corresponding to 24 months fixed salary. Members of the GMT residing outside Sweden may however be offered notice periods for termination and severance payment that are competitive in the country where the members are resident.

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.

According to the principles adopted by the 2010 Annual General Meeting members of the GMT residing in Sweden shall be covered by the ITP defined benefit 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. The Company's objective is however that new members of the GMT shall be covered only by defined contribution pension plans. For that reason one member of the GMT, whose employment agreement was entered into during 2010, is covered only by a defined contribution pension plan.

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 GMT, except those regarding the President. The Committee shall prepare and present proposals for the Board's decisions on issues relating to salary and other remuneration and employment terms for the President. The Committee is authorized to decide and in relation to the President to propose to the Board of Directors the further details regarding the criteria and targets on which the variable salary is based for the GMT. In addition hereto the Committee is authorized to decide to what extent

such criteria and targets have been met both for the GMT and the President.

9. Previous undertakings not yet due

The Company has no previous undertakings not yet due besides what is evident from the Annual Report 2010.

The Nominating Committee's proposal under item 15 on the Agenda of the Annual General Meeting of Shareholders of Swedish Match AB on 2 May 2011

The Nominating Committee proposes election of the Board of Directors according to the following:

Re-election of: Andrew Cripps
 Karen Guerra
 Conny Karlsson
 Meg Tivéus

The Nominating Committee proposes that Robert F. Sharpe and Joakim West are elected as new members of the Board of Directors. Charles A. Blixt, Arne Jurbrant and Kersti Strandqvist have declined re-election.

The Nominating Committee further proposes that Conny Karlsson is elected as Chairman of the Board of Directors and Andrew Cripps is elected as deputy Chairman of the Board of Directors.

All proposed Board Members to be elected by the Annual General Meeting are considered to be independent in relation to the Company, the senior management and major shareholders of the Company.

Presentation of proposed Board Members**CONNY KARLSSON**

Born 1955. M.Sc. in Economics and Business. Chairman of the Board of Directors since 2007. Board member since 2006. Chairman of the Compensation Committee.

Other board assignments: Chairman of Rörvik Timber. Board member of TeliaSonera and CapMan.

Previous positions: Chief Executive Officer, Duni; Marketing Director, Procter & Gamble UK; Marketing Director and Regional Director, Procter & Gamble Scandinavia; Marketing Director, Procter & Gamble E&SO.

Own and related parties' shares: 26,000

ANDREW CRIPPS

Born 1957. B.A. University of Cambridge. Board member since 2006. Deputy Chairman of the Board of Directors and member of the Audit Committee.

Other board assignments: Non Executive Director of the Booker Group and the Helphire Group.

Previous positions: Head of Acquisitions and Head of Strategy Development, British American Tobacco; Director of Corporate Finance, Rothmans International; Managing Director, Rothmans Holdings BV; President, Ed. Laurens International. Chartered Accountant.

Own and related parties' shares: 15,200

KAREN GUERRA

Born 1956. B.Sc. Board member since 2008. Member of the Compensation Committee.

Other board assignments: Non Executive Director of Amcor Ltd, Davide Campari-Milano S.p.A. and Samlerhuset BV.

Previous positions: President, Colgate Palmolive France; Chairman and Managing Director, Colgate Palmolive UK; Marketing Manager, Pepsi Cola International in Holland and Ireland.

Own and related parties' shares: 6,559

ROBERT F. SHARPE

Born 1952, JD degree from Wake Forest University, B.A University Depauw, and a BSE degree from Purdue University, Senior Advisor to the Chief Executive at ConAgra Foods, Inc.,

Other board assignments: Board member in Ameriprise Financial, Inc.

Previous positions: President, Commercial Foods, and Executive Vice President and Chief Administrative Officer at ConAgra Foods, partner at Brunswick Group, Senior Vice President, General Counsel, and Secretary at PepsiCo, Inc.

Own and related parties' shares: 6 200

MEG TIVÉUS

Born 1943. M.Sc. in Economics and Business. Board member since 1999. Chairman of the Audit Committee.

Other board assignments: Chairman of Folktandvården Stockholm, Arkitektkopia and Marknadsförbundet. Board member of Cloetta, Billerud, Apoteket Farmacci and Nordea Fonder.

Previous positions: President and Chief Executive Officer, Svenska Spel; Vice President, Posten; Division Manager, Holmen; Division Manager, Åhléns; Director, Nordiska Kompaniet; Product Manager, Modò; Project Manager, McCann Gunther & Bäck.

Own and related parties' shares: 16,000

JOAKIM WESTH

Born 1961. Master of Science, Royal Institute of Technology, Stockholm, Master of Science within Aeronautics and Astronautics, MIT, Boston, USA. Owner and Management Consultant, J. Westh Företagsutveckling AB and Chairman and co-owner of EMA Technology AB.

Other Board Assignments: Board member of Absolent, SAAB and Rörvik Timber.

Previous positions: Senior Vice President and Head of Group Function Strategy and Operational Excellence, Telefonaktiebolaget LM Ericsson; Senior Vice President and Head of Group Function Operational Excellence, Telefonaktiebolaget LM Ericsson; Group Vice President and member of the Executive Management Group, Assa Abloy AB; Chairman and owner, Absolent AB; Partner, McKinsey & Co. Inc.

Own and related parties' shares: 0

Additionally, the shareholders are informed that the employees' associations have, through special elections, appointed:

As members of the Board:

Kenneth Ek, PTK
Eva Larsson, LO
Joakim Lindström, LO

As deputy members of the Board:

Eva Norlén-Moritz, PTK
Håkan Johansson, LO
Gert-Inge Rang, PTK

The Nominating Committee's proposal under item 16 on the Agenda of the Annual General Meeting of Shareholders of Swedish Match AB on 2 May 2011

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 make up the Nominating Committee, together with the Chairman of the Board, for the period until a new Nominating Committee has been appointed. If any of these shareholders waives his or her 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 before each Annual General Meeting. The four largest shareholders shall be identified on the basis of the known numbers of votes on August 31, the year before the forthcoming 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.

INSTRUCTIONS FOR SWEDISH MATCH AB'S NOMINATING COMMITTEE ADOPTED AT THE ANNUAL GENERAL MEETING HELD ON 2 MAY 2011

1. DUTIES

The Nominating Committee shall prepare and submit to the General Meeting proposals regarding:

- (i) the election of the Chairman and other Members of the Board, and determination of the Directors' fees to be divided between the Chairman and other Members, and any remuneration for committee work,
- (ii) the election of and payment of fees to auditors, when applicable,
- (iii) the election of a Chairman of the Annual General Meeting; and
- (iv) any amendments to how the Chairman and members of the Nominating Committee are to be appointed

The Nominating Committee shall prepare their proposals and present and explain them to the General Meeting, and shall give an account of the way in which this work has been carried out in accordance with the provisions of the Swedish Corporate Governance Code. In addition, when the notice of the Annual Meeting is issued the Nominating Committee is to issue a statement explaining its proposals regarding the Board of Directors with regard to the requirements concerning the composition of the Board.

The Nominating Committee shall supply the company with information on the Nominating Committee, its work and proposals. The information shall be submitted in sufficient time and in such a way that the company is able to comply with its duty to provide information in accordance with the provisions of the Articles of Association, legislation, stock market regulations, the Swedish Corporate Governance Code, and other recommendations that may be deemed to constitute good practice in the Swedish stock market.

The Nominating Committee shall obtain information on the way in which the work of the Board of Directors and, when applicable, the auditors have been evaluated and the results of such evaluations.

2. MEMBERS AND CHAIRMAN

The Nominating Committee shall comprise five members. The appointment of the Nominating Committee shall entail the Chairman of the Board of Directors, contacting the four largest shareholders in the company and asking them each to appoint a representative, to constitute, together with the Chairman of the Board, the Nominating Committee for the period until a new Nominating Committee is appointed. If any shareholder waives their right to appoint a representative, the shareholder who is the next largest owner, in terms of number of votes held, shall be offered the opportunity

to appoint a representative. The names of the members of the Nominating Committee shall be published no later than six months before each Annual General Meeting. The four largest shareholders shall be identified on the basis of the known numbers of votes on August 31, the year before the forthcoming Annual General Meeting.

If one or more of the shareholders who have appointed members to the Nominating Committee ceases to be one of the four largest shareholders during the mandate period, the Nominating Committee shall decide whether it is necessary to replace the representative appointed by this shareholder. If this is to be done, the Chairman of the Board shall contact the shareholder or shareholders who are now among the four biggest shareholders and offer him/her/them the chance to appoint a representative to the Nominating Committee.

Members who cease to be employed by the shareholder by whom he/she has been appointed shall resign from the Nominating Committee if the shareholder deems it necessary and a replacement shall be appointed by the shareholder.

The Nominating Committee shall be entitled to co-opt members if deemed appropriate.

The Nominating Committee shall appoint a Chairman from their ranks. The Chairman shall not be a Member of the Board of Directors of the company.

3. MEETINGS

The Nominating Committee shall meet as often as is necessary to enable the Nominating Committee to carry out its duties, but shall meet a minimum of once a year. The first notice of a meeting, once the Nominating Committee has been appointed, shall be issued by the Chairman of the Board, and thereafter, by the Chairman of the Nominating Committee. If a member requests that the Nominating Committee be convened, the request shall be met.

The Nominating Committee is quorate if not less than three members are present. The decision of the Nominating Committee shall be the opinion that is supported by more than half of the members of the Nominating Committee.

Minutes shall be kept at the Nominating Committee's meetings, the Minutes are to be signed or checked by the Chairman and the member designated by the Nominating Committee. The Minutes shall be kept and stored in the same way as the Minutes of the company's Board Meetings.

4. AMENDMENTS TO THESE INSTRUCTIONS

The Nominating Committee shall evaluate these instructions, and the work of the Nominating Committee, on an ongoing basis, and shall submit to the General Meeting proposals regarding any changes to these instructions that the Nominating Committee has deemed appropriate.