

MINUTES

kept at the Extraordinary
General Meeting of
Shareholders of Swedish
Match AB, Swedish company
reg. no. 556015-0756,
on 4th December 2006 in Stockholm
*Unofficial translation from
Swedish*

§ 1

Sven Unger was elected as Chairman of the Meeting. It was duly noted that Bo Aulin 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

Joachim Spetz and Mats Lagerqvist 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 is enclosed to the minutes (Appendix 2).

It was resolved that the people granted guest access to the Meeting by the Company shall have the right to attend the Meeting.

§ 5

The Agenda (Appendix 3) was approved.

§ 6

a) Pursuant to the Board of Directors' proposal (Appendix 4), it was resolved

that the Company's share capital shall be reduced by SEK 26,688,729.07 by means of the withdrawal of 20,596,181 shares in the Company without any refund to the shareholders;

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

It was duly noted that the resolution under item a) had been passed with the requisite majority, i.e. it was supported by shareholders representing at least two-thirds of the votes cast and two-thirds of the shares represented at the Meeting.

b) Pursuant to the Board of Directors' proposal (Appendix 4), it was resolved that the Company's share capital shall be increased by SEK 26,688,729.07 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.

§ 7

Pursuant to the Board of Directors' proposal (Appendix 5), it was resolved

to authorise the Board of Directors to decide to acquire, on one or more occasions 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 for a maximum of SEK 1,250 million;

that the shares shall be acquired on the Stockholm Stock Exchange 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);

and that repurchase may not take place during the period when an estimate of an average price for the Swedish Match share on the Stockholm Stock Exchange is being carried out in order to establish the terms of any stock option programme for the senior company officials of Swedish Match.

It was duly noted that the resolution had been passed with the requisite majority, i.e. it was supported by shareholders representing at least two-thirds of the votes cast and two-thirds of the shares represented at the Meeting.

It was duly noted that the shareholders set forth in Appendix 6 registered a dissenting opinion regarding the resolution.

§ 8

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

Pursuant to the Board of Directors' proposal (Appendix 7), it was resolved to adopt new principles for determination of salary and other remuneration payable to the President and other members of the Company management to apply as of 1st January 2007.

It was duly noted that Åsa Wesshagen, representing Sveriges Aktiesparares Riksförbund and Aktiespararna Topp Sverige, registered a dissenting opinion regarding the resolution insofar as the resolution related to the stock options and the variable remuneration. Furthermore, it was duly noted that the shareholders set forth in Appendix 8 registered a dissenting opinion regarding the entire resolution.

§ 9

Åsa Wesshagen, representing Sveriges Aktiesparares Riksförbund and Aktiespararna Topp Sverige, proposed that the matter regarding the 2007 stock option programme proposed by the Board of Directors should be deferred until the next Annual General Meeting.

It was resolved not to defer the matter regarding the 2007 stock option programme proposed by the Board of Directors.

It was then resolved to adopt the 2007 stock option programme proposed by the Board of Directors (Appendix 9).

It was duly noted that the shareholders set forth in Appendix 10 registered a dissenting opinion regarding the resolution regarding the adoption of the 2007 stock option programme proposed by the Board of Directors.

§ 10

The Chairman of the Nominating Committee reported on the work of the Nominating Committee.

Siv Berlin proposed that the matter regarding adjustment of the Directors' fees should be deferred until the next Annual General Meeting.

It was resolved not to defer the matter regarding adjustment of the Directors' fees.

It was duly noted that the Nominating Committee had issued statements of principle regarding the Members' of the Board shareholding in the Company, as outlined in Appendix 11.

Applying the above-mentioned principles with regard to Directors' fees, pursuant to the Nominating Committee's proposal (Appendix 11), it was resolved that the Board of Directors in total, for the period from the resolution by the Meeting 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 575,000 and other Members of the Board elected by the General Meeting of Shareholders shall each receive a fee of SEK 230,000;
- compensation for committee work shall amount to SEK 335,000 in total, of which the Chairmen of the Nominating Committee and the Audit Committee shall receive SEK 75,000 respectively and the other members of these committees shall each receive SEK 37,000;
- Members of the Board employed by the Swedish Match Group shall not receive any Directors' fees.

It was duly noted that the shareholders set forth in Appendix 12 registered a dissenting opinion regarding the resolution regarding adjustment of the Directors' fees.

No further items were brought to the attention of the Meeting.

Minutes checked by:

Sven Unger
Joachim Spetz
Mats Lagerqvist

Minutes kept by:

Bo Aulin

Translation from Swedish

General Meeting of the shareholders of Swedish Match AB (publ)

The shareholders of Swedish Match AB are hereby notified of an Extraordinary General Meeting to be held on 4th December 2006 at 2:00 p.m. in the Company's premises at Rosenlundsgatan 36 in Stockholm, Sweden.

Agenda

- 1. Election of the 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 "minute checkers" who, in addition to the Chairman, shall verify the Minutes.**
- 4. Determination of whether the Meeting has been duly convened.**
- 5. Approval of the Agenda.**
- 6. 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 concerning a bonus issue.**
- 7. The Board of Directors' proposal to authorise the Board of Directors to make decisions concerning the acquisition of shares in the Company.**
- 8. Presentation of the work of the Compensation Committee and the Board of Directors' proposal to adopt the amended principles for remuneration and other terms of employment for the Company management.**
- 9. The Board of Directors' proposal regarding the adoption of the stock option programme for 2007.**
- 10. The Nominating Committee's proposal to change the fees to be paid to the Board of Directors, specifying the distribution between the Chairman and other Members of the Board.**

The Nominating Committee proposes the following:

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

Item 10: On 20th April 2006, the Annual General Meeting resolved that fees for the period up to the next Annual General Meeting shall be paid to the Board of Directors in the sums of SEK 875,000 and SEK 330,000, respectively, to the Chairman and to each of the other Members elected by the Meeting who are not employed by the Swedish Match Group. In addition to these fees, the Board of Directors was also allocated SEK 500,000 as compensation for committee work. Fees in accordance with the resolution of the Annual General Meeting have, for the period from the Annual General Meeting up to and including 4th December 2006, been paid in the sums of SEK 540,000 to the Chairman and to each of the other Members elected by the Meeting who are not employed by the Swedish Match Group of SEK 205,000 respectively. In addition to these fees, an aggregate total of SEK 310,000 has also been paid in fees for committee work during this period.

The Nominating Committee has reported that the Directors' fees should be adjusted, both to facilitate the recruitment of international expertise to the Board, and in order to increase the Board Members' ownership of the Company. The Nominating Committee is of the opinion, in the light thereof, that fees totalling SEK 1.5 million and SEK 0.6 million respectively, should be paid annually to the Chairman and to other Members of the Board elected by the Meeting. In addition thereto, the Board of Directors should be paid a fee of SEK 875,000 for committee work. Members who are employed by the Swedish Match Group shall not receive any Director's fee.

The Nominating Committee has also issued the following statements of principle:

The Nominating Committee is of the opinion that the Members of the Board should own shares in the Company. The Nominating Committee accordingly requests that the Board of Directors establish principles governing the Board Members' ownership of shares in the Company. The following points should serve as guidelines for these principles:

- all Members of the Board (including the Chairman) shall acquire shares in the Company for a sum corresponding to the fees received after the Extraordinary General Meeting on December 4, 2006, after deductions for income tax;
- the Members of the Board shall retain these shares for a period of 12 months after the acquisition and shall be permitted to sell a maximum of one half of the shares acquired during the period of 13 to 24 months following the acquisition.

All Members of the Board have notified the Nominating Committee of their acceptance of the Nominating Committee's wishes with regard to share acquisition as specified above.

Applying the above-mentioned principles with regard to Directors' fees, the Nominating Committee proposes that the Board of Directors in total, for the period from the resolution by the Extraordinary General Meeting 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 575,000 and other Members of the Board elected by the Meeting

shall each receive a fee of SEK 230,000. Compensation for committee work shall during the period amount to SEK 335,000 totally, of which the Chairmans of the Nominating Committee and the Audit Committee shall receive SEK 75,000 respectively and the other members of these committees shall each receive SEK 37,000. It is proposed that Members of the Board employed by the Swedish Match Group shall not receive any Directors' fees.

After adjustment of the fees in the manner proposed above, the total remuneration payable to the Board of Directors during the period from the 2006 Annual General Meeting up to and including the 2007 Annual General Meeting is SEK 4,540,000.

Proposals by the Board of Directors:

Item 6 a): The Board of Directors proposes a reduction in the Company's share capital of SEK 26,688,729:07 by means of the withdrawal of 20,596,181 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 6 b): Provided that the Meeting passes a resolution in accordance with the Board's proposals under item 6 a) above, the Board of Directors proposes an increase in the Company's share capital of SEK 26,688,729:07 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 6 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 a court of law.

The effect of the Board of Directors' proposal under item 6 a) entails a reduction in the Company's share capital of SEK 26,688,729:07. The effect of the Board of Directors' proposal under item 6 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 proposals under item 6 a) is contingent upon its being supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the Meeting.

Item 7: As a result of the 2006 Annual General Meeting's resolution concerning value transfers in the form of dividend payments, the repurchase of the Company's own shares and a reduction in the Company's statutory reserve by allocating the reduced amount to the fund used for the repurchase of the Company's own shares, a total of SEK 1,275 million in unappropriated funds remains available to the Company. The Board of Directors proposes that it be authorised to decide to acquire, on one or more occasions

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 for a maximum of SEK 1,250 million. The shares shall be acquired on the Stockholm Stock Exchange 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.

Repurchases may not take place during the period when an estimate of an average price for the Swedish Match share on the Stockholm Stock Exchange is being carried out in order to establish the terms of any stock option programme for senior Company officials of Swedish Match. 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 resolution of the General Meeting with regard to the Board proposals contained in item 7 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 8: The Board of Directors proposes that the following principles for determination of salary and other remuneration payable to the President and other members of the Company management ("the Principles") be adopted by the Extraordinary General Meeting to be held on 4th December 2006. The Principles shall apply as of 1st January 2007.

The objective of these Principles is to ensure that the Company is able to recruit and retain employees with optimum skills and qualifications for their respective duties. The remuneration structures shall encourage employees to do their utmost to safeguard the shareholders' interests. The Principles shall be subject to annual review.

The Principles stated below shall apply to remuneration and other terms of employment for the Group management (i.e. the President, Divisional Managers and Senior Vice Presidents in charge of Group functions reporting directly to the President) in all agreements entered into as of 1st January 2007. These principles already apply at present to a considerable extent, although in some cases, agreements with somewhat different contents that were previously entered into still apply. The contents of these agreements are presented in Swedish Match's Annual Report for 2005.

The remuneration models shall unify the Group, be simple, long-term and quantifiable, and shall correspond to market rates. There shall be "ceilings" on variable remuneration.

The total remuneration paid to Group management officials shall comprise the following components: fixed salary, annual variable salary, a long-term incentive programme in the form of employee stock options, pension benefits, terms in conjunction with notice of termination and severance pay, and other benefits.

Fixed salary: The fixed salary for Group management officials shall correspond to market rates and shall be based on competence, responsibility and performance. This principle for determining the fixed salary component for Group management officials is

already being applied. The application of the principle for the 2005 financial year means that the fixed salary component for Group management officials (9 people) totalled an aggregate figure of SEK 24.3 million. It is estimated that the fixed salary component for Group management officials (7 people) for the 2006 financial year will total an aggregate figure of SEK 20.5 million.

Annual variable salary: Group management officials shall, over and above their fixed salaries, be entitled to a variable salary determined annually in accordance with the following principles. The maximum result of the annual variable salary shall be 35 per cent of the fixed salary. The Divisional President for the North America Division also participates in a local variable salary programme, the result of which can yield a maximum of a further 100 per cent of the fixed salary every other year. The allocation of the variable salary for the President and the Senior Vice Presidents in charge of Group functions shall be 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 2005 to 2007 (i.e. 2005 in comparison with 2004, 2006 in comparison with 2005, and 2007 in comparison with 2006). The maximum allocation in accordance with this criterion shall occur if the average improvement during the three-year period is 20 per cent or more. No allocation will be made if the average improvement is less than 5 per cent;
- **secondly**, the result of the average return after tax on operating capital, adjusted for accumulated amortisation of intangible assets, during the years from 2005 to 2007 in comparison with the average return after tax on operating capital, adjusted for accumulated amortisation of intangible assets, during the years from 2004 to 2006. 75 per cent of the maximum allocation in accordance with this criterion shall occur if the return has remained unchanged and maximum allocation in accordance with this criterion shall occur if the latest three-year average has increased by two percentage points or more in relation to the preceding three-year average. No allocation 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.

When calculating earnings per share and average return after tax on operating capital, these figures may be adjusted to take into account certain non-recurring items affecting comparability in accordance with resolutions by the Board of Directors.

Half of the total variable salary payable to the Divisional Managers shall be based on the same criteria and target values as for the President and the Senior Vice Presidents in charge of Group functions, whilst the other half shall be based on the result in relation to the goals set by the Compensation Committee for the Division in question, e.g. the Division's operating result in relation to a set goal. The Divisional President for the North America Division also participates in a local programme with a variable salary component, as specified above and where the result is based on target values for the individual Division.

Employee stock options: Group management officials are covered by an ongoing employee stock option programme under which call options in Swedish Match AB may be allocated. The options have a five-year term and can be redeemed during the fourth and fifth years of the term. The value of the options allocated shall be maximised to 65 per cent of the fixed salary and the allocation calculated on the basis of two equally weighted criteria: one is a measurement based on the Group's earnings per share and one is a measurement based on the return on adjusted operating capital. For further information on the proposed programme, please see the Board's proposal for adoption of the 2007 employee stock option programme (item 9 in the agenda, Appendix A).

Summary of variable salary and employee stock options: The combined value of the annual variable salary and the value of employee stock options allocated in accordance with the programmes described above shall not exceed the fixed annual salary, other than for the Divisional President of the North America Division, for whom the combined value of the variable salary and the value of employee stock options allocated shall correspond to a maximum of 175 per cent of the fixed annual salary every other year and to a maximum of 75 per cent in other years (an average of 125 per cent over a two-year period).

It is estimated that the maximum result for the Group management officials in terms of the variable salary and employee stock options allocated will total an aggregate of approximately SEK 25 million in 2007.

Pension: Members of the Group management resident 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 resident abroad shall preferably comprise defined-contribution pensions and the premium shall be based on the fixed salary. Pension costs for the Group management totalled SEK 7.8 million in 2005.

Severance pay, etc: For members of the Group management, a mutual period of notice of six months shall apply. Severance pay shall 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 commissions, but by no more than 50 per cent thereof and no more than half of the severance pay.

Other benefits: Other benefits shall be payable to members of the Group management 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. In 2005, the sum of other benefits payable to the Group management was SEK 1.6 million.

The Board's right to deviate from the Principles: The Board of Directors shall be entitled to deviate from the Principles approved by the General Meeting if special reasons for so doing exist in any individual case.

Committee work and decisions: Swedish Match's Board of Directors shall have a Compensation Committee. The Committee shall be tasked with preparing and presenting proposals for decisions to the Board on issues relating to Group management remuneration and other employment terms within the framework of the Principles adopted by the General Meeting. In this context, the Committee shall, ahead of decisions by the Board, prepare and present proposals for salaries, variable salaries and other employment terms for the President and shall approve salaries, variable salaries and other employment terms proposed by the President for senior officials in an immediately subordinate position.

Previous undertakings not yet due: In April 2006, the Annual General Meeting approved an employee stock option programme for 2006. The stock options that can be allocated to the Group management under this programme are maximised to a combined total value of SEK 6.2 million. The allocation is based on two independent and equally weighted criteria: firstly, a criterion based on the Group's net profit, and secondly, a criterion based on the total stock return of the Swedish Match share. All members of the Group management are, furthermore, also covered in 2006 by a variable salary programme that can yield a maximum of 35 per cent of the fixed salary, which corresponds to approximately SEK 7 million. The Divisional President of the North America Division can also receive a variable salary in accordance with the local programme described above.

Summary: These Principles differ from the principles governing remuneration to Group management officials adopted by the Annual General Meeting in April 2006 with regard to the criteria governing variable salary and for the allocation of employee stock options, and with regard to the ceiling for both of these remuneration components.

Item 9: In 1999, the Board of Directors adopted a stock option programme for senior Swedish Match officials as part of the total compensation package. The purpose of the option programme is to further increase the involvement of senior Company officials in the Company and their ownership of it, to attract, motivate and retain key employees within the Company, and to generate incentives for senior Company officials that coincide with the interests of the shareholders.

The Board of Directors proposes that the Meeting approve the stock option programme for 2007. The Board of Directors' proposed option programme for 2007 comprises a maximum of 70 senior Company officials (the President, other members of the Group management, and a number of key employees within the Company). The allocation of options in accordance with the programme is based on two mutually independent criteria:

- **firstly**, the average annual improvement in the Group's earnings per share (adjusted for certain non-recurring items) during the period from 2005 to 2007 (i.e. 2005 in comparison with 2004, 2006 in comparison with 2005, and 2007 in comparison with 2006). The maximum allocation in accordance with this criterion shall occur if the average improvement during the three-year period is 20 per cent or more. No allocation will be made if the average improvement is less than 5 per cent;
- **secondly**, the result of the average return after tax on operating capital, adjusted for accumulated amortisation of intangible assets, during the years from 2005 to 2007 in comparison with the average return after tax on operating capital, adjusted for accumulated amortisation of intangible assets, during the years from 2004 to 2006. 75 per cent of the maximum allocation in accordance with this criterion shall occur if the return has remained unchanged and maximum allocation in accordance with this criterion shall occur if the latest three-year average has increased by two percentage points or more in relation to the preceding three-year average. No allocation 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 (the improvement in earnings per share and the improvement in the return after tax on operating capital, adjusted for amortisation of intangible assets) are equally weighted when determining allocation in accordance with the employee stock option programme. When only one of the criteria set forth above is met, allocation will thus comprise a maximum of 50 per cent of the maximum allocation.

When calculating earnings per share and average return after tax on operating capital, these figures may be adjusted to take into account certain non-recurring items affecting comparability in accordance with resolutions by the Board of Directors.

The market value of the options shall be determined by an independent valuation institution in accordance with a generally acknowledged valuation model (Black-Scholes) and the stock options shall be allocated without consideration. The combined value of the options allocated in accordance with the proposed stock option programme for senior Company officials for 2007 shall not exceed a ceiling of SEK 46.5 million. The stock options are freely transferable and are not linked to employment. The options can be exercised to acquire shares in the Company during the period from March 2011 up to and including February 2013 and shall carry a redemption price corresponding to 120 per cent of the average share price over a period of time close to the allocation date and subsequent to the publication of the year-end report for 2007.

Commitments under the stock option programme may be hedged by way of repurchases of the Company's shares and the transfer of such shares in conjunction with any potential demand for the redemption of the call options. Any decision regarding the repurchase of the Company's shares and transfer of the Company's own shares and the issue of call options for the 2007 stock option programme shall be taken by the 2008 Annual General Meeting. Ultimate allocation, based on the result for 2007, will be determined by the Board of Directors after the publication of the year-end report for 2007.

The Group management (i.e. the President, Divisional Managers and Senior Vice Presidents in charge of Group functions reporting directly to the President) can be allocated stock options at a value that corresponds to a maximum of 65 per cent of the respective Group management officials' fixed salaries. This corresponds to a maximum allocation to the Group management of call options to a value of approximately SEK 15 million, of which the President can be allocated options to a value corresponding to a maximum of approximately SEK 4 million. The other participants can collectively be allocated options to a maximum value of SEK 31.5 million. Options allocated in accordance with the programme as described above shall be allocated to each participant before the end of June 2008.

It is calculated that maximum allocation of options, at a total value of SEK 46.5 million, will give rise to social security contributions of approximately SEK 8 million for the Swedish participants in the programme. Taken as a whole, this may mean a charge of SEK 54.5 million to the operating result during the year the options are earned, provided that the options are issued by the company with hedging in the form of repurchased shares.

If all options issued in accordance with resolutions at the Annual General Meetings from 2002 until 2006 are exercised, the number of outstanding shares (net after repurchases) will increase by 1.5 per cent. It is estimated that the above options programme in which the options will be earned in 2007 and allocated in 2008 will, if the maximum number of options are allocated and given an option price of SEK 16 in conjunction with the allocation, increase the number of outstanding shares (net after repurchases) by a further 1.06 per cent (provided that hedging is effected through the transfer of repurchased shares).

The Board of Directors' proposal regarding the 2007 employee stock option programme has been prepared by the Compensation Committee.

Full details of the proposals for resolution under items 6a), 6 b), 7 and 9 and statements by the Board of Directors pursuant to chapt. 19, §22 of the Swedish Companies Act, accounts pursuant to chapt. 12, §7 and chapt. 19, §24 of the Swedish Companies Act and Auditors' statements pursuant to chapt. 12, §7, chapt. 19, §24 and chapt. 20, §14 of the Swedish Companies Act, will be made available at Swedish Match AB's head office (Legal Department) at Rosenlundsgatan 36 in Stockholm, no later than 20th November 2006. They will also, as of this date, be available on the Company's website at www.swedishmatch.se. They can also be ordered from the Company.

The Nominating Committee's account of its work is available on the Company's website at www.swedishmatch.se

The right to participate in the General Meeting

Participation in the Meeting is limited to shareholders who are both registered in the register of shareholders maintained by VPC AB (the Swedish Securities Register Center)

on 28th November 2006, and who advise Swedish Match of their intention to participate no later than the deadline set for such notification, i.e. 16:00 (CET) on 28th November 2006. 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.

Notice of participation

Notice of participation may be submitted in writing to Swedish Match AB, Legal Department, SE-118 85 Stockholm, Sweden, by telephone on +46 (0)8 658 02 06 (13.30 -16.30 CET), by fax on +46 (0)8 720 76 56, or via the Internet at www.swedishmatch.se/stamman. When giving notice of participation, the shareholder shall state his or her name, address, telephone number (daytime) and civic ID/corporate registration number. Receipt of notification will be confirmed by Swedish Match, which will issue an attendance card to be presented at the entrance to the venue at which the Meeting is held.

Share registration

Shareholders whose shares are nominee registered and who wish to participate in the Extraordinary General Meeting must temporarily re-register their 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 Tuesday, 28th November 2006.

The entrance to the venue for the Meeting will open at 13.50 (CET).

Stockholm, October 2006
The Board of Directors

AGENDA
OF THE EXTRAORDINARY GENERAL MEETING OF
SHAREHOLDERS OF SWEDISH MATCH AB
MONDAY, DECEMBER 4, 2006, AT 2:00 PM

1. Election of Chairman of the Meeting.

Proposal: Sven Unger.

2. Preparation and approval of the list of shareholders entitled to vote at the Meeting.
3. Election of one or two "minute checkers" who, in addition to the Chariman, shall verify the minutes.
4. Determination of whether the Meeting has been duly convened.

Notice to attend the Meeting has been published in Post- och Inrikes Tidningar and Svenska Dagbladet on November 6, 2006 and on the Company's web site.

5. Approval of the Agenda.
6. 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 concerning a bonus issue.

Complete proposal: Annex 1.

7. The Board of Directors' proposal to authorise the Board of Directors to make decisions concerning the acquisition of shares in the Company.

Complete proposal: Annex 2.

8. Presentation of the work of the Compensation Committee and the Board of Directors' proposal to adopt the amended principles for remuneration and other terms of employment for the Company management.

Complete proposal: Annex 3.

9. The Board of Director's proposal regarding the adoption of the stock option programme for 2007.

Complete proposal: Annex 4.

10. The Nominating Committee's proposal to change the fees to be paid to the Board of Directors, specifying the distribution between the Chairman and other Members of the Board.

Complete proposal: Annex 5.

Item 6 a) and 6 b)

The Board of Directors' proposal under items 6 a) and 6 b) on the Agenda of the Extraordinary General Meeting of Shareholders of Swedish Match AB on December 4, 2006

Item 6 a): The Board of Directors proposes a reduction in the Company's share capital of SEK 26,688,729:07 by means of the withdrawal of 20,596,181 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 6 b): Provided that the Meeting passes a resolution in accordance with the Board's proposals under item 6 a) above, the Board of Directors proposes an increase in the Company's share capital of SEK 26,688,729:07 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 6 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 a court of law.

Since the Annual Report of the Company is not an issue for this Extraordinary General Meeting, copies of the Annual Report and the Auditors' Report of the consolidated financial statements for 2005 are enclosed hereto in Annex 1 A. The report by the Board of Directors regarding significant events that have taken place since the publication of the Company's Annual Report 2005 is enclosed in Annex 1 B and the Auditor's statement concerning this report is enclosed in Annex 1 C. The presentation of these documents are in accordance with the provisions of chapt. 12 § 7 of the Swedish Companies Act.

The effect of the Board of Directors' proposal under item 6 a) entails a reduction in the Company's share capital of SEK 26,688,729:07. The effect of the Board of Directors' proposal under item 6 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 Auditors' statement in accordance with chapt. 20, § 14 of the Swedish Companies' Act is enclosed hereto in Annex 1 D.

The resolution of the General Meeting in accordance with the Board's proposals under item 6 a) is contingent upon its being supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the Meeting.

Statement by the auditors

To the General Meeting of Shareholders of Swedish Match AB

Swedish company reg. no: 556015-0756

Assignment and allocation of liability

We have reviewed the report by the Board of Directors regarding significant events that have taken place since the publication of the Company's Annual Report 2005, dated October 24, 2006.

The Board of Directors is responsible for that the report is drawn up in accordance with chapt. 12, § 7, item 3 of the Swedish Companies Act (2005:551). Our responsibility is to review the report so that we can give a written statement thereof in accordance with chapt. 12, § 7, item 4 of the Swedish Companies Act (2005:551).

Statement

We have no objection to make to the report.

The purpose of our statement is to fulfil the requirements in chapt. 12, § 7, item 4 of the Swedish Companies Act (2005:551) and may not be used for any other purpose.

Stockholm October 27, 2006

KPMG Bohlins AB

Thomas Thiel
Authorised Public Accountant

Statement by the auditors

To the General Meeting of Shareholders of Swedish Match AB

Swedish company reg. no: 556015-0756

Assignment and allocation of liability

We have reviewed the Board of Directors' proposal concerning the decision on the reduction of the Company's share capital and the statement concerning the proposed measures to be taken to avoid the diminishing of the Company's restricted equity or the share capital under items 6 a) and 6 b) on the Agenda to the Extraordinary General Meeting of Shareholders of Swedish Match AB on December 4, 2006. We have further reviewed the report by the Board of Directors regarding significant events that have taken place since the publication of the Company's Annual Report 2005, dated October 24, 2006.

The Board of Directors is responsible for the proposal and for the report and for that these are drawn up in accordance with chapt. 20, § 6 of the Swedish Companies Act (2005:551). Our responsibility is to review the proposal and the reports so that we can give a written statement thereof in accordance with chapt. 20, § 14 of the Swedish Companies Act (2005:551).

Statement

We have no objection to make to the reports, the suitability of the proposed measures or the accuracy of the judgements made concerning the effects of these measures.

We approve that the General Meeting decide in accordance with the Board of Directors' proposal concerning the decision on the reduction of the Company's share capital.

The purpose of our statement is to fulfil the requirements in chapt. 20, § 14 of the Swedish Companies Act (2005:551) and may not be used for any other purpose.

Stockholm October 27, 2006
KPMG Bohllins AB

Thomas Thiel
Authorised Public Accountant

Item 7

The Board of Directors' proposal under item 7 on the Agenda of the Extraordinary General Meeting of Shareholders of Swedish Match AB on December 4, 2006

Item 7: As a result of the 2006 Annual General Meeting's resolution concerning value transfers in the form of dividend payments, the repurchase of the Company's own shares and a reduction in the Company's statutory reserve by allocating the reduced amount to the fund used for the repurchase of the Company's own shares, a total of SEK 1,275 million in unappropriated funds remains available to the Company. The Board of Directors proposes that it be authorised to decide to acquire, on one or more occasions 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 for a maximum of SEK 1,250 million. The shares shall be acquired on the Stockholm Stock Exchange 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. Repurchases may not take place during the period when an estimate of an average price for the Swedish Match share on the Stockholm Stock Exchange is being carried out in order to establish the terms of any stock option programme for senior Company officials of Swedish Match. 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 statement by the Board of Directors pursuant to chapt. 19, § 22 of the Swedish Companies Act, regarding the justification of the proposal concerning a new mandate to repurchase shares in the Company is enclosed in Annex 2 A. Since the Annual Report of the Company is not an issue for this Extraordinary General Meeting, the required Board of Directors' report regarding significant events that have taken place since the publication of the Company's Annual Report 2005 is enclosed in Annex 2 B and the Auditor's statement concerning this report is enclosed in Annex 2 C. A copy of the Annual Report and the Auditors Report of the consolidated financial statements for 2005 are enclosed under item 6 of the Agenda, i.e. in Annex 1 A. The presentation of these documents are in accordance with the provisions of chapt. 12 § 7 of the Swedish Companies Act.

The resolution of the General Meeting with regard to the Board proposals contained in item 7 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.

Statement by the Board of Directors, pursuant to chapt. 19, §22 of the Swedish Companies Act, regarding the Board of Directors' proposal to the Extraordinary General Meeting 2006 that it be authorised to repurchase the Company's own shares.

Background

The Board of Directors proposes that it be authorised to decide to acquire, on one or more occasions prior to the next Annual General Meeting, shares in the Company for a maximum of SEK 1,250 million.

The Board of Directors has analysed and evaluated the proposed authorisation. This analysis has been based, among other things, on an assessment of the Group's financial and strategic long-term plan, including a risk analysis of the operating units.

The operations' nature, scope and risks

The nature of the operations is presented in the Articles of Association and the published Annual Reports. Operations conducted within the company do not entail any risks over and above those that may occur, or may reasonably be expected to occur, within the industry, or the risks generally inherent in conducting commercial activities. As an industry, the tobacco industry is comparatively unaffected by fluctuations in the economic cycle. Details of significant events are given in a separate report. No other events that may be deemed to affect the Company's capacity to repurchase shares have occurred.

The financial position of the Company and the Group

The financial position of the Group as per 30th September 2006 is stated in the most recently published Interim Report. The Group's shareholders' equity has been calculated in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and conforms with Swedish law through the application of the Financial Accounting Standards Council's recommendation RR 30, Supplementary Accounting Rules for Groups, and totalled SEK 1,975 million on 30th September 2006, of which SEK 99 million is attributable to market valuations of assets and liabilities on the closing day.

The Group's true financial position deviates from the book values such that the Group's component companies own several assets whose true values are greater than the reported ones. Based on the closing price of the Swedish Match share on 17th October 2006, the market value of the Group's shareholders' equity totalled SEK 31,278 million. The proposed repurchase authorisation corresponds to 4 per cent of the market value of the Group's shareholders' equity as per 17th October 2006.

The change in the Parent Company's distributable earnings, since the publication of the Annual Report as per 31st December 2005, is as follows:

	MSEK
Opening balance, 01-01-2006	5 402
Market valuation of financial instruments	-8
Reduction in share capital through cancellation of shares	29
Bonus issue	-29
Dividend	-627
Repurchase of shares	-3 674
Sale of shares in conjunction with redemption of options	94
Transferred through reduction in the statutory reserve	80
Net income, January – September 2006	1 071
Shareholders' equity of the Parent Company, 30-09-2006	2 338

The Group's interest coverage ratio, based on EBITA (net income before financial items, taxes and amortisation of intangible assets divided by net interest items), for the period January to September 2006 was 20.9 and the net debt in relation to EBITA was 1.7 for the twelve months period ended on 30th September 2006. The proposed authorisation for the share repurchase has been evaluated and takes into account the financial restrictions imposed by the Board of Directors with regard to the transfer of funds to the shareholders whereby the Group, over time, shall strive for an interest coverage ratio based on EBITA in excess of nine, and whereby the Group, over time, shall strive for a net debt divided by EBITA of less than two. These restrictions are applicable over time and may be exceeded over a limited period of time as a result of acquisitions or major investments.

The Board of Directors deem that the proposed repurchase of own shares does not constitute a risk to the completion of the investments considered necessary.


The proposed mandate to repurchase shares does not affect the Company's ability to honour its payment obligations, both existing and anticipated, in a timely manner. The Company's liquidity forecast takes into account and prepares for the eventuality of variations in its day-to-day payment obligations, both in the long-term and in the short.

Justification of the transfer of funds

In view of the above, and other information made known to the Board of Directors, the Board is of the opinion that a comprehensive appraisal of the financial position of the Company and Group indicates that the transfer of funds is justifiable, given the demands that the nature, scope and risks of the operations impose on the size of the Company's and Group's equity

and the Company's and Group's operations, consolidation requirements, liquidity and position in general.


Stockholm, 24th October 2006



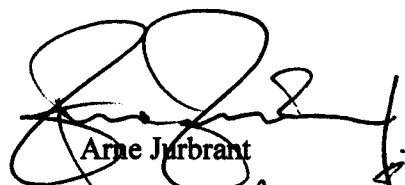
Bert Magnusson
Chairman of the Board



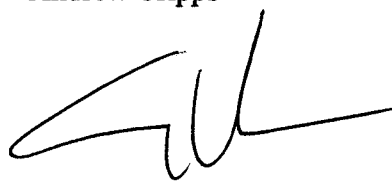
Andrew Cripps



Kenneth Ek



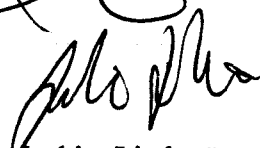
Arne Järbrant



Conny Karlsson



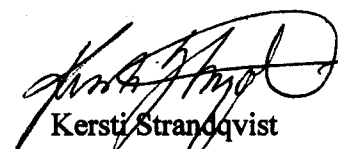
Eva Karlsson



Joakim Lindström



Karsten Slotte



Kersti Strandqvist



Meg Tivéus



Sven Hindrikes
President

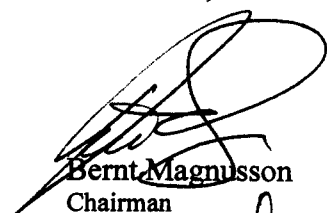
Report by the Board of Directors, pursuant to chapt. 12 § 7 and chapt. 19 § 24 of the Swedish Companies Act, regarding significant events that have taken place since the publication of the Company's Annual Report 2005.

The significant events that have taken place since the publication of the Annual Report 2005 are stated in the Company's Interim Report as per 30th September 2006 (Appendix 1). No significant events have occurred after the said date.

The change in the Company's restricted and non-restricted equity during the first nine months of the current year is as follows:

MSEK	Share capital	Statutory Reserve	Non-restricted equity	Total equity
Opening balance, 01-01-2006	390	80	5 402	5 872
Market valuation of financial instruments			-8	-8
Cancellation of shares	-29		29	-
Bonus issue	29		-29	-
Dividend			-627	-627
Repurchase of shares			-3 674	-3 674
Sale of own shares			94	94
Reduction in the statutory reserve		-80	80	-
Net income for the period			1 071	1 071
Closing balance, 30-09-2006	390	-	2 338	2 728

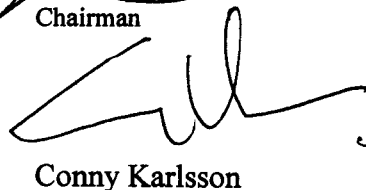
Stockholm, 24th October 2006


Bernt Magnusson
Chairman



Andrew Cripps


Kenneth Ek

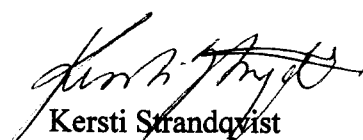

Arne Jurbrant


Conny Karlsson

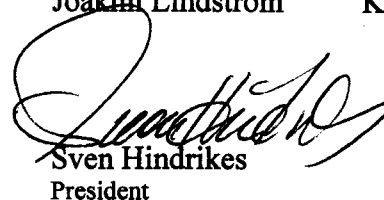

Eva Larsson


Joakim Lindström


Karsten Slotte


Kersti Strandqvist


Meg Tiiéus


Sven Hindrikes
President

Statement by the auditors

To the General Meeting of Shareholders of Swedish Match AB

Swedish company reg. no: 556015-0756

Assignment and allocation of liability

We have reviewed the Board of Directors' proposal concerning the decision on the acquisition of shares in the company under item 7 on the Agenda to the Extraordinary General Meeting of Shareholders of Swedish Match AB on December 4, 2006. We have further reviewed the report by the Board of Directors regarding significant events that have taken place since the publication of the Company's Annual Report 2005, dated October 24, 2006.

The Board of Directors is responsible for the proposal and for the report and for that these are drawn up in accordance with chapt. 19, § 19 of the Swedish Companies Act (2005:551). Our responsibility is to review the proposal and the report so that we can give a written statement thereof in accordance with chapt. 19, § 24, item 4 of the Swedish Companies Act (2005:551).

Statement

We approve that the General Meeting decide in accordance with the Board of Directors' proposal concerning the acquisition of shares in the company. We have no objection to make to the report.

The purpose of our statement is to fulfil the requirements in chapt. 19, § 24 of the Swedish Companies Act (2005:551) and may not be used for any other purpose.

Stockholm October 27, 2006
KPMG Bohlins AB

Thomas Thiel
Authorised Public Accountant

Appendix 6

Dissenting opinions regarding the resolution under item 7 of the Agenda

Berlin, Siv

Evertson, Doris

Wesshagen, Åsa, as representative for
-Aktiespararna Topp Sverige
-Sveriges Aktiesparares Riksförbund

Item 8**The Board of Directors' proposal under item 8 on the Agenda of the Extraordinary General Meeting of Shareholders of Swedish Match AB on December 4, 2006**

Item 8: The Board of Directors proposes that the following principles for determination of salary and other remuneration payable to the President and other members of the Company management (“the Principles”) be adopted by the Extraordinary General Meeting to be held on 4th December 2006. The Principles shall apply as of 1st January 2007.

The objective of these Principles is to ensure that the Company is able to recruit and retain employees with optimum skills and qualifications for their respective duties. The remuneration structures shall encourage employees to do their utmost to safeguard the shareholders' interests. The Principles shall be subject to annual review.

The Principles stated below shall apply to remuneration and other terms of employment for the Group management (i.e. the President, Divisional Managers and Senior Vice Presidents in charge of Group functions reporting directly to the President) in all agreements entered into as of 1st January 2007. These principles already apply at present to a considerable extent, although in some cases, agreements with somewhat different contents that were previously entered into still apply. The contents of these agreements are presented in Swedish Match's Annual Report for 2005.

The remuneration models shall unify the Group, be simple, long-term and quantifiable, and shall correspond to market rates. There shall be “ceilings” on variable remuneration.

The total remuneration paid to Group management officials shall comprise the following components: fixed salary, annual variable salary, a long-term incentive programme in the form of employee stock options, pension benefits, terms in conjunction with notice of termination and severance pay, and other benefits.

Fixed salary: The fixed salary for Group management officials shall correspond to market rates and shall be based on competence, responsibility and performance. This principle for determining the fixed salary component for Group management officials is already being applied. The application of the principle for the 2005 financial year means that the fixed salary component for Group management officials (9 people) totalled an aggregate figure of SEK 24.3 million. It is estimated that the fixed salary component for Group management officials (7 people) for the 2006 financial year will total an aggregate figure of SEK 20.5 million.

Annual variable salary: Group management officials shall, over and above their fixed salaries, be entitled to a variable salary determined annually in accordance with the following principles. The maximum result of the annual variable salary shall be 35 per cent of the fixed salary. The Divisional President for the North America Division also participates in a local variable salary programme, the result of which can yield a maximum of a further 100 per cent of the fixed salary every other year. The allocation of the variable salary for the President and

the Senior Vice Presidents in charge of Group functions shall be 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 2005 to 2007 (i.e. 2005 in comparison with 2004, 2006 in comparison with 2005, and 2007 in comparison with 2006). The maximum allocation in accordance with this criterion shall occur if the average improvement during the three-year period is 20 per cent or more. No allocation will be made if the average improvement is less than 5 per cent;
- **secondly**, the result of the average return after tax on operating capital, adjusted for accumulated amortisation of intangible assets, during the years from 2005 to 2007 in comparison with the average return after tax on operating capital, adjusted for accumulated amortisation of intangible assets, during the years from 2004 to 2006. 75 per cent of the maximum allocation in accordance with this criterion shall occur if the return has remained unchanged and maximum allocation in accordance with this criterion shall occur if the latest three-year average has increased by two percentage points or more in relation to the preceding three-year average. No allocation 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.

When calculating earnings per share and average return after tax on operating capital, these figures may be adjusted to take into account certain non-recurring items affecting comparability in accordance with resolutions by the Board of Directors.

Half of the total variable salary payable to the Divisional Managers shall be based on the same criteria and target values as for the President and the Senior Vice Presidents in charge of Group functions, whilst the other half shall be based on the result in relation to the goals set by the Compensation Committee for the Division in question, e.g. the Division's operating result in relation to a set goal. The Divisional President for the North America Division also participates in a local programme with a variable salary component, as specified above and where the result is based on target values for the individual Division.

Employee stock options: Group management officials are covered by an ongoing employee stock option programme under which call options in Swedish Match AB may be allocated. The options have a five-year term and can be redeemed during the fourth and fifth years of the term. The value of the options allocated shall be maximised to 65 per cent of the fixed salary and the allocation calculated on the basis of two equally weighted criteria: one is a measurement based on the Group's earnings per share and one is a measurement based on the return on adjusted operating capital. For further information on the proposed programme, please see the Board's proposal for adoption of the 2007 employee stock option programme (item 9 in the agenda, Appendix A).

Summary of variable salary and employee stock options: The combined value of the annual variable salary and the value of employee stock options allocated in accordance with the programmes described above shall not exceed the fixed annual salary, other than for the Divisional President of the North America Division, for whom the combined value of the variable salary and the value of employee stock options allocated shall correspond to a

maximum of 175 per cent of the fixed annual salary every other year and to a maximum of 75 per cent in other years (an average of 125 per cent over a two-year period).

It is estimated that the maximum result for the Group management officials in terms of the variable salary and employee stock options allocated will total an aggregate of approximately SEK 25 million in 2007.

Pension: Members of the Group management resident 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 resident abroad shall preferably comprise defined-contribution pensions and the premium shall be based on the fixed salary. Pension costs for the Group management totalled SEK 7.8 million in 2005.

Severance pay, etc: For members of the Group management, a mutual period of notice of six months shall apply. Severance pay shall 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 commissions, but by no more than 50 per cent thereof and no more than half of the severance pay.

Other benefits: Other benefits shall be payable to members of the Group management 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. In 2005, the sum of other benefits payable to the Group management was SEK 1.6 million.

The Board's right to deviate from the Principles: The Board of Directors shall be entitled to deviate from the Principles approved by the General Meeting if special reasons for so doing exist in any individual case.

Committee work and decisions: Swedish Match's Board of Directors shall have a Compensation Committee. The Committee shall be tasked with preparing and presenting proposals for decisions to the Board on issues relating to Group management remuneration and other employment terms within the framework of the Principles adopted by the General Meeting. In this context, the Committee shall, ahead of decisions by the Board, prepare and present proposals for salaries, variable salaries and other employment terms for the President and shall approve salaries, variable salaries and other employment terms proposed by the President for senior officials in an immediately subordinate position.

Previous undertakings not yet due: In April 2006, the Annual General Meeting approved an employee stock option programme for 2006. The stock options that can be allocated to the Group management under this programme are maximised to a combined total value of SEK 6.2 million. The allocation is based on two independent and equally weighted criteria: firstly, a criterion based on the Group's net profit, and secondly, a criterion based on the total stock return of the Swedish Match share. All members of the Group management are, furthermore, also covered in 2006 by a variable salary programme that can yield a maximum of 35 per cent of the fixed salary, which corresponds to approximately SEK 7 million. The Divisional President of the North America Division can also receive a variable salary in accordance with the local programme described above.

Summary: These Principles differ from the principles governing remuneration to Group management officials adopted by the Annual General Meeting in April 2006 with regard to the criteria governing variable salary and for the allocation of employee stock options, and with regard to the ceiling for both of these remuneration components.

Dissenting opinions regarding the resolution under item 8 of the Agenda

Ehlin, Thomas, as representative for

- Nordea Avtalspensionsfond Maxi
- Nordea Avtalspensionsfond Midi
- Nordea Avtalspensionsfond Mini
- Nordea Portföljinvest Sverige
- Nordea Premiepensionsfond 1938-44
- Nordea Premiepensionsfond 1945-49
- Nordea Premiepensionsfond 1950-54
- Nordea Premiepensionsfond 1955-59
- Nordea Premiepensionsfond 1960-64
- Nordea Premiepensionsfond 1965-69
- Nordea Premiepensionsfond 1970-74
- Nordea Premiepensionsfond 1975-79
- Nordea Premiepensionsfond 1980-84
- Nordea Premiepensionsfond 1985-89
- Nordea Spektra
- Nordea Sverigefond
- Nordea Swedish Equity Market Fund
- Trevice Tillväxtfond
- Värdepappersfonden Borgen

Ekdahl, Ossian, as representative for

- Första AP-fonden

Evertson, Doris

Gustavsson, Anna-Maria, as representative for

- Fire And Police Pension Association of Colorado

Karlsson, Margareta

Klein, Pernilla, as representative for

- Tredje AP-fonden

Lagerqvist, Mats, as representative for

- Robur Aktiefond Pension
- Robur Allemansfond I
- Robur Allemansfond II
- Robur Allemansfond III
- Robur Allemansfond IV
- Robur Allemansfond V
- Robur Hockeyfond
- Robur IP Aktiefond
- Robur Kapitalinvest (Aktiefond)

- Robur Mixfond
- Robur Mixfond MEGA
- Robur Mixfond Pension
- Robur Mix Indexfond Sverige
- Robur Nordenfond
- Robur Sverigefond MEGA
- Robur Sverigefond
- Robur Transfer 50
- Robur Transfer 60
- Robur Transfer 70
- Robur Transfer 80
- Robur Vasaloppsfond

Rosén, Carl, as representative for

- Andra AP-fonden

Spetz, Joachim, as representative for

- Bo(spar)fonden SBC/Handelsbanken
- Bosparfonden Flermarknad SBC/(Handelsbanken)
- Handelsbankens Aktiefond Index
- Handelsbankens Flermarknadsfond
- Handelsbanken Mega Sverige Index
- Handelsbankens Nordenfond
- Handelsbankens Radiohjälpsfond
- Handelsbankens Reavinstfond
- Handelsbankens Stiftelsefond
- Handelsbankens Värdefond
- Handelsbanken 30 i Topp Index
- SPP Aktiefond Sverige
- SPP Aktieindexfond Sverige

Item 9

The Board of Directors' proposal under item 9 on the Agenda of the Extraordinary General Meeting of Shareholders of Swedish Match AB on December 4, 2006

Background

In 1999, the Board of Directors adopted a stock option programme for senior Swedish Match officials as part of the total compensation package. The purpose of the option programme is to further increase the involvement of senior Company officials in the Company and their ownership of it, to attract, motivate and retain key employees within the Company, and to generate incentives for senior Company officials that coincide with the interests of the shareholders. Details of the options programmes have been provided in the Annual Reports for all of the years in question and at the Annual General Meetings held between 2002 and 2006, incl.

The allocation of options in the 2006 programme is based partly on a criterion requiring the Group's net result to have increased in relation to the net result for the previous year, and partly on a criterion relating to the total stock return of the share in comparison with the return on the shares of a selection of other companies in the sector. The Board proposes, with regard to the 2007 programme, and as specified below, that the allocation of options be based on two criteria, namely the improvement in earnings per share and in the average return after tax on adjusted operating capital.

Proposals by the Board of Directors:

The Board of Directors proposes that the Meeting approve the stock option programme for 2007. The Board of Directors' proposed option programme for 2007 comprises a maximum of 70 senior Company officials (the President, other members of the Group management, and a number of key employees within the Company). The allocation of options in accordance with the programme is based on two mutually independent criteria:

- **firstly**, the average annual improvement in the Group's earnings per share (adjusted for certain non-recurring items) during the period from 2005 to 2007 (i.e. 2005 in comparison with 2004, 2006 in comparison with 2005, and 2007 in comparison with 2006). The maximum allocation in accordance with this criterion shall occur if the average improvement during the three-year period is 20 per cent or more. No allocation will be made if the average improvement is less than 5 per cent;

- **secondly**, the result of the average return after tax on operating capital, adjusted for accumulated amortisation of intangible assets, during the years from 2005 to 2007 in comparison with the average return after tax on operating capital, adjusted for accumulated amortisation of intangible assets, during the years from 2004 to 2006. 75 per cent of the maximum allocation in accordance with this criterion shall occur if the return on operating capital, adjusted for accumulated amortisation of intangible assets, has remained unchanged and maximum allocation in accordance with this criterion shall occur if the latest three-year average has increased by two percentage points or more in relation to the preceding three-year average. No allocation will be made in accordance with this criterion if the latest three-year average for the return on adjusted operating capital is two percentage points lower than for the preceding period.

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

When calculating earnings per share and average return after tax on operating capital, these figures may be adjusted to take into account certain non-recurring items affecting comparability in accordance with resolutions by the Board of Directors.

The return on operating capital is defined as the year's EBITA (the result before financial items, tax and amortisation of intangible assets) after estimated tax, divided by the average adjusted operating capital (current operating assets + intangible assets + accumulated amortisation of intangible assets + tangible assets + other long-term operating assets - current operating liabilities - long-term operating liabilities). The EBITA and, if applicable, the adjusted operating capital for the same non-recurring items as in the calculation of earnings per share described above may be adjusted in calculations in connection with the allocation of options, if appropriate. Every such adjustment shall be decided by the Board of Directors and the company's auditors shall be informed thereof.

The market value of the options shall be determined by an independent valuation institution in accordance with a generally acknowledged valuation model (Black-Scholes) and the stock options shall be allocated without consideration. The combined value of the options allocated in accordance with the proposed stock option programme for senior Company officials for 2007 shall not exceed a ceiling of SEK 46.5 million. The stock options are freely transferable and are not linked to employment. The options can be exercised to acquire shares in the Company during the period from March 2011 up to and including February 2013 and shall carry a redemption price corresponding to 120 per cent of the average share price

over a period of time close to the allocation date and subsequent to the publication of the year-end report for 2007.

Commitments under the stock option programme may be hedged by way of repurchases of the Company's shares and the transfer of such shares in conjunction with any potential demand for the redemption of the call options. Any decision regarding the repurchase of the Company's shares and transfer of the Company's own shares and the issue of call options for the 2007 stock option programme shall be taken by the 2008 Annual General Meeting. Ultimate allocation, based on the result for 2007, will be determined by the Board of Directors after the publication of the year-end report for 2007.

The Group management (i.e. the President, Divisional Managers and Vice Presidents in charge of Group functions reporting directly to the President) can be allocated stock options at a value that corresponds to a maximum of 65 per cent of the respective Group management officials' fixed salaries. This corresponds to a maximum allocation to the Group management of call options to a value of approximately SEK 15 million, of which the President can be allocated options to a value corresponding to a maximum of approximately SEK 4 million. The other participants can collectively be allocated options to a maximum value of SEK 31.5 million. Options allocated in accordance with the programme as described above shall be allocated to each participant before the end of June 2008.

Costs

It is calculated that maximum allocation of options, at a total value of SEK 46.5 million, will give rise to social security contributions totalling approximately SEK 8 million for the Swedish participants in the programme. Taken as a whole, this may mean a charge of SEK 54.5 million to the operating result during the earnings year, provided that the options issued by the company are hedged in the form of repurchased shares.

Preparation of the Board's decision

The Board of Directors' proposal regarding the 2007 employee stock option programme has been prepared by the Compensation Committee.

Majority requirement

A resolution in accordance with item 7 requires a simple majority, i.e. that the proposal is supported by shareholders representing over half of the votes cast.

Previous options programmes

The options programmes for 2001-2005:

Year Earned/Allocated	No. company officials included	Options issued, expressed as the number of underlying shares	Outstanding options, expressed as the number of underlying shares, 31 st Oct. 2006	Redemption price ¹⁾	Value per option when issued ²⁾	Value per option, 31 st Oct. 2006 ³⁾	Redemption period
2001/2002	51	1 518 770	547 890	77:50	SEK 10:10	SEK 38:00	15-03-2005-15-03-2007
2002/2003	56	1 428 490	1 428 490	74:00	SEK 8:40	SEK 41:50	01-03-2006-28-02-2008
2003/2004	58	865 259	865 259	84:80	SEK 10:00	SEK 30:70	01-03-2007-27-09-2009
2004/2005	56	661 871	661 871	99:75	SEK 10:80	SEK 15:75	03-03-2008-01-03-2010
2005/2006	52	523 817	523 817	127:10	SEK 13:20	SEK 0	02-03-2009-28-02-2011
Total		4 998 207	4 027 327				

Notes

1. Calculated as 120 per cent of the average most recent price paid for the company's share on the Stockholm Stock Exchange over a period of ten banking days in conjunction with the announcement of the annual accounts.
2. Value calculated by an independent valuation institution in accordance with the Black-Scholes valuation model for options.
3. The value has been calculated as the difference between the redemption price and the most recent price paid for the company's share as of 31st October 2006, which was SEK 115:50. No account has been taken of whether the options can currently be redeemed.

Allocation to the President¹ in accordance with the options programmes for 2001-2005:

Options programme	2001	2002	2003	2004	2005	Total
No. options allocated	80 099	110 000	30 100	27 222	19 600	267 021

Notes

- 1 The options allocations for 2001 up to and including 2003 refer to options allocated to Lennart Sundén. Those from 2004 onwards refer to options allocated to Sven Hindrikes.

Allocation to other Group management officials in accordance with the options programmes for 2001-2005:

Options programme	2001	2002	2003	2004	2005	Total
No. options allocated	429 360	369 560	252 000	127 590	52 733	1 231 243

Swedish Match's share capital is divided into 300,596,181 shares with a nominal value of SEK 1:2959 per share. All shares carry one vote each. Repurchases have meant that as of 31st October 2006, the company held a total of 26,228,200 of its own shares, and the net number of outstanding shares is hence 274,367,981. Options issued relate, in the event of the options being exercised, to ring-fenced repurchased shares. The company has, between 2000 (incl.) and the present day, and in accordance with resolutions by the Annual General Meetings of the Shareholders of the Company, repurchased shares in the company in order, *inter alia*, to cover the allocation of options as part of the company's rolling options programme. The Board proposes, in item 7, that the 2006 Extraordinary General Meeting authorise the Board of Directors to acquire the company's own shares to a corresponding degree.

Dilution, etc.

If all options issued in accordance with resolutions at the Annual General Meetings from 2002 until 2006 are exercised, the number of outstanding shares (net after repurchases) will increase as shown below. The percentage change is based on the number of outstanding shares, as of 30th October 2006.

Options programme	2001	2002	2003	2004	2005	Total
Increase in no. shares	547 890	1 428 490	865 259	661 871	523 817	4 027 327
Percentage increase	0.2%	0.5%	0.3%	0.2%	0.2%	1.5%

It is estimated that the above programme in which the options will be earned in 2007 and allocated in 2008 will increase the number of outstanding shares (net after repurchases) by a further 1.06 per cent (provided that hedging is effected through the transfer of repurchased shares).

Options issued by the Company but unredeemed as of 31st December 2005, had, according to calculations in accordance with the International Financial Reporting Standards (IFRS) reporting standard for earnings per share, an aggregate dilution effect on earnings per share of SEK 0.02 per share (from SEK 5.61 to SEK 5.59), corresponding to 0.4%. The options that may be issued in accordance with the 2006 and 2007 programmes also have a potential dilution effect on earnings per share to the extent that they are hedged through repurchased shares.

Dissenting opinions regarding the resolution under item 9 of the Agenda

Ehlin, Thomas, as representative for

- Nordea Avtalspensionsfond Maxi
- Nordea Avtalspensionsfond Midi
- Nordea Avtalspensionsfond Mini
- Nordea Portföljinvest Sverige
- Nordea Premiepensionsfond 1938-44
- Nordea Premiepensionsfond 1945-49
- Nordea Premiepensionsfond 1950-54
- Nordea Premiepensionsfond 1955-59
- Nordea Premiepensionsfond 1960-64
- Nordea Premiepensionsfond 1965-69
- Nordea Premiepensionsfond 1970-74
- Nordea Premiepensionsfond 1975-79
- Nordea Premiepensionsfond 1980-84
- Nordea Premiepensionsfond 1985-89
- Nordea Spektra
- Nordea Sverigefond
- Nordea Swedish Equity Market Fund
- Treviso Tillväxtfond
- Värdepappersfonden Borgen

Ekdahl, Ossian, as representative for

- Första AP-fonden

Evertson, Doris

Karlsson, Margareta

Klein, Pernilla, as representative for

- Tredje AP-fonden

Lagerqvist, Mats, as representative for

- Robur Aktiefond Pension
- Robur Allemansfond I
- Robur Allemansfond II
- Robur Allemansfond III
- Robur Allemansfond IV
- Robur Allemansfond V
- Robur Hockeyfond
- Robur IP Aktiefond
- Robur Kapitalinvest (Aktiefond)
- Robur Mixfond
- Robur Mixfond MEGA
- Robur Mixfond Pension

- Robur Mix Indexfond Sverige
- Robur Nordenfond
- Robur Sverigefond MEGA
- Robur Sverigefond
- Robur Transfer 50
- Robur Transfer 60
- Robur Transfer 70
- Robur Transfer 80
- Robur Vasaloppsfond

Rosén, Carl, as representative for

- Andra AP-fonden

Spetz, Joachim, as representative for

- Bo(spar)fonden SBC/Handelsbanken
- Bosparfonden Flermarknad SBC/(Handelsbanken)
- Handelsbankens Aktiefond Index
- Handelsbankens Flermarknadsfond
- Handelsbanken Mega Sverige Index
- Handelsbankens Nordenfond
- Handelsbankens Radiohjälpsfond
- Handelsbankens Reavinstfond
- Handelsbankens Stiftelsefond
- Handelsbankens Värdefond
- Handelsbanken 30 i Topp Index
- SPP Aktiefond Sverige
- SPP Aktieindexfond Sverige

Wesshagen, Åsa, as representative for

- Aktiespararna Topp Sverige
- Sveriges Aktiesparares Riksförbund

Item 10

The Nominating Committee's proposal under item 10 on the Agenda of the Extraordinary General Meeting of Shareholders of Swedish Match AB on December 4, 2006

Item 10: On 20th April 2006, the Annual General Meeting resolved that fees for the period up to the next Annual General Meeting shall be paid to the Board of Directors in the sums of SEK 875,000 and SEK 330,000, respectively, to the Chairman and to each of the other Members elected by the Meeting who are not employed by the Swedish Match Group. In addition to these fees, the Board of Directors was also allocated SEK 500,000 as compensation for committee work. Fees in accordance with the resolution of the Annual General Meeting have, for the period from the Annual General Meeting up to and including 4th December 2006, been paid in the sums of SEK 540,000 to the Chairman and to each of the other Members elected by the Meeting who are not employed by the Swedish Match Group of SEK 205,000 respectively. In addition to these fees, an aggregate total of SEK 310,000 has also been paid in fees for committee work during this period.

The Nominating Committee has reported that the Directors' fees should be adjusted, both to facilitate the recruitment of international expertise to the Board, and in order to increase the Board Members' ownership of the Company. The Nominating Committee is of the opinion, in the light thereof, that fees totalling SEK 1.5 million and SEK 0.6 million respectively, should be paid annually to the Chairman and to other Members of the Board elected by the Meeting. In addition thereto, the Board of Directors should be paid a fee of SEK 875,000 for committee work. Members who are employed by the Swedish Match Group shall not receive any Director's fee.

The Nominating Committee has also issued the following statements of principle:

The Nominating Committee is of the opinion that the Members of the Board should own shares in the Company. The Nominating Committee accordingly requests that the Board of Directors establish principles governing the Board Members' ownership of shares in the Company. The following points should serve as guidelines for these principles:

- all Members of the Board (including the Chairman) shall acquire shares in the Company for a sum corresponding to the fees received after the Extraordinary General Meeting on December 4, 2006, after deductions for income tax;
- the Members of the Board shall retain these shares for a period of 12 months after the acquisition and shall be permitted to sell a maximum of one half of the shares acquired during the period of 13 to 24 months following the acquisition.

All Members of the Board have notified the Nominating Committee of their acceptance of the Nominating Committee's wishes with regard to share acquisition as specified above.

Applying the above-mentioned principles with regard to Directors' fees, the Nominating Committee proposes that the Board of Directors in total, for the period from the resolution by

the Extraordinary General Meeting 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 575,000 and other Members of the Board elected by the Meeting shall each receive a fee of SEK 230,000. Compensation for committee work shall during the period amount to SEK 335,000 totally, of which the Chairmans of the Nominating Committee and the Audit Committee shall receive SEK 75,000 respectively and the other members of these committees shall each receive SEK 37,000. It is proposed that Members of the Board employed by the Swedish Match Group shall not receive any Directors' fees.

After adjustment of the fees in the manner proposed above, the total remuneration payable to the Board of Directors during the period from the 2006 Annual General Meeting up to and including the 2007 Annual General Meeting is SEK 4,540,000.

Dissenting opinions regarding the resolution under item 10 of the Agenda

Edlund, Per

Ehlin, Thomas, as representative for

- Nordea Avtalspensionsfond Maxi
- Nordea Avtalspensionsfond Midi
- Nordea Avtalspensionsfond Mini
- Nordea Portföljinvest Sverige
- Nordea Premiepensionsfond 1938-44
- Nordea Premiepensionsfond 1945-49
- Nordea Premiepensionsfond 1950-54
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- Nordea Premiepensionsfond 1985-89
- Nordea Spektra
- Nordea Sverigefond
- Nordea Swedish Equity Market Fund
- Treviso Tillväxtfond
- Värdepappersfonden Borgen

Ekdahl, Ossian, as representative for

- Första AP-fonden

Evertson, Doris

Gustavsson, Anna-Maria, as representative for

- Ashdon Select Manager Trust
- BellSouth Corporate Trust Under Executive Benefit Plan(s)
- BellSouth Corporate Trust Under Executive Benefit Plan(s) for Advertising and Publishing
- BellSouth Corporation Trust under Board of Director's Benefit Plan(s)
- BellSouth Corporation Trust Under Executive Benefit Plan(s) for Mobile Systems Executives
- BellSouth Enterprises, Inc. Trust Under Executive Benefit Plan(s)
- BellSouth Telecommunications, Inc. Trust Under Board of Directors Benefit Plan(s)
- BellSouth Telecommunications, Inc. Trust Under Executive Benefit Plan(s)
- BGICL MSCI EAFE Index Fund
- British Coal Staff Superannuation Scheme
- BT Pension Scheme
- Canada Pension Plan Investment Board (2 blocks of shares)
- Colleges Of Applied Arts And Technology Pension Plan
- Colorado Public Employees' Retirement Association
- Dreyfus Founders International Equity Fund

- Dreyfus Founders Worldwide Growth Fund
- Duke Energy Corporation Master Decommissioning Trust
- EAFE Equity Index Fund P - Ex My
- EAFE Growth Index Fund
- Europe Ex-Uk Alpha Tilts Fund L
- Fidelity Concord Street Trust:Spartan International Index Fd
- Frank Russell Investment Company International Fund
- Frank Russell Investment Company International Securities Fund
- Frank Russell Trust Company Commingled Employee Benefit Funds Trust
- Frank Russell Trust Company Russell Common Trust International Equity Fund
- Gartmore International Index Fund
- Hermes Assured Limited
- IBM Diversified Global Equity Fund (2 blocks of shares)
- International Equity Index Plus Fund
- International Equity Index Plus Fund B
- Janus Global Risk Man.Core Fund On Behalf Of Janus World Funds Plc
- Japan Trustee Services Bank, Ltd. RE: MATB Nissay / Panagora Global Equity Passive Fund (Limited for Eligible Institutional Investors)
- Jnl/ Mellon Cap Mgmt International Index Fund
- JPMorgan Funds
- JPMorgan International Equity Index fund
- Los Angeles City Employees' Retirement System
- Marsh and McLennan Master Retirement Trust
- Merrill Lynch Institutional Pooled Funds plc - Global Enhanced index Fund
- MSCI EQ Index Fund – Sweden
- Munder International Equity Fund, a series of Munder Series Trust
- New York State Common Retirement Fund
- Northern Trust Quantitative Fund plc
- Northern Trust Unit Trust
- NTGI Common Monthly Intercap Equity Index
- Pacific Gas and Electric Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust
- Panagora Group Trust
- Public Employee Retirement System Of Idaho
- Putnam Investments Llc
- Russell Investment Funds Non-U.S. Fund (2 blocks of shares)
- Southeastern Pennsylvania Transportation Authority Master Tr
- Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust
- Sti Classic International Equity Fund
- Sti Classic International Equity Index Fund
- Sti Classic Variable Trust International Equity Fund
- Stichting Tot Bewaring Cordares Subf Aandelen Europa Actief Beheer
- The Kroger Company Master Retirement Trust
- The Master Trust Bank of Japan, Ltd as trustee for Japan Post
- The Master Trust Bank Of Japan, Ltd. As Trustee For The Government Pension Investment Fund (MTBC 400045780)
- Vanguard European Stock Index Fund
- Vanguard Fiduciary Trust Company in its capacity as trustee of VFTC European Stock Index Trust

- Vanguard International Explorer Fund
- Vanguard Investment Series, Plc (2 blocks of shares)
- Vanguard Tax- Managed International Fund
- Virginia Retirement System
- Washington University
- Wells Fargo Master Trust International Index Portfolio

Karlsson, Margareta

Klein, Pernilla, as representative for
-Tredje AP-fonden

Lagerqvist, Mats, as representative for

- Robur Aktiefond Pension
- Robur Allemansfond I
- Robur Allemansfond II
- Robur Allemansfond III
- Robur Allemansfond IV
- Robur Allemansfond V
- Robur Hockeyfond
- Robur IP Aktiefond
- Robur Kapitalinvest (Aktiefond)
- Robur Mixfond
- Robur Mixfond MEGA
- Robur Mixfond Pension
- Robur Mix Indexfond Sverige
- Robur Nordenfond
- Robur Sverigefond MEGA
- Robur Sverigefond
- Robur Transfer 50
- Robur Transfer 60
- Robur Transfer 70
- Robur Transfer 80
- Robur Vasaloppsfond

Rosén, Carl, as representative for
-Andra AP-fonden

Spetz, Joachim, as representative for

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- Bosparfonden Flermarknad SBC/(Handelsbanken)
- Handelsbankens Aktiefond Index
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- Handelsbankens Reavinstfond
- Handelsbankens Stiftelsefond
- Handelsbankens Värdefond
- Handelsbanken 30 i Topp Index

- SPP Aktiefond Sverige
- SPP Aktieindexfond Sverige

Wesshagen, Åsa, as representative for

- Aktiespararna Topp Sverige
- Sveriges Aktiesparares Riksförbund