



## **PRESS RELEASE**

**March 26, 1999**

### **Swedish Match to acquire mass market business of General Cigar Company, USA**

- **Swedish Match will become a leading global cigar company and strengthen its leading Other Tobacco Products (“OTP”) position in the United States (cigars, snuff, pipe and chewing tobacco)**
- **Creates an effective platform for Swedish Match to enhance and sustain the development of key growth products such as snuff in the US**
- **Creates an ongoing alliance between General Cigar and Swedish Match – for distribution of certain premium cigars**

General Cigar Holdings, Inc. (NYSE: MPP) and Swedish Match AB (XSSE: SWMA, Nasdaq: SWMAY) announced today that they have entered into a definitive Asset Purchase Agreement for the sale of General Cigar’s mass-market cigar business to Swedish Match for \$200 million in cash. The mass market cigar business includes two manufacturing facilities, Dothan, Alabama, USA and Santiago, Dominican Republic; machinery and equipment; inventories; trademarks; and other commercial assets and liabilities. In addition, as part of the sale, General Cigar and Swedish Match have entered into an ongoing strategic relationship through a Tobacco Supply Agreement and a Master Distribution Agreement. Among the mass-market brands being sold are Garcia y Vega (the number one selling mass-market cigar using a natural leaf wrapper), White Owl, Tiparillo and Tijuana Smalls.

The terms of the Tobacco Supply Agreement call for General Cigar to supply Swedish Match’s tobacco needs for the acquired business. The Master Distribution Agreement provides for Swedish Match’s sales force in the U.S. to sell a select number of General Cigar’s premium cigar brands that are currently sold through mass-market distribution channels.

Commenting on the transaction, Edgar M. Cullman, Jr., General Cigar’s Chief Executive Officer said, “This transaction allows us to focus our efforts on the branded premium cigar business, the largest portion of our business, where we can add the greatest strategic value because of our heritage and expertise.”

“The addition of the General Cigar mass market business to our existing US operations will complement our operations in the US perfectly and will help to ensure that we can further develop our position in the US for our entire product range”, said Lennart Sundén, Swedish Match’s President and CEO. “This strengthening of our sales and distribution in the US will

provide a growth platform for our other key strategic products such as snuff. The transaction will have a positive effect on net earnings and on net cash flow for Swedish Match.”

General Cigar expects to use the net proceeds from the sale to reduce outstanding debt, to make selective acquisitions of premium cigar brands, for general corporate purposes and to take advantage of opportunities that may arise in the international cigar market place.

The transaction is subject to regulatory review and other customary closing conditions and is expected to close in late April.

Peter J. Solomon Company represented General Cigar in connection with the transaction.

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*General Cigar Holdings, which traces its roots to 1906, is a leading manufacturer and marketer of premium cigar brands including Macanudo, Partagas, Punch (MPP) and Hoyo de Monterrey, as well as mass market cigars including Garcia y Vega, White Owl and Tiparillos. In addition to being a major grower of high-quality Connecticut shade wrapper tobacco, General Cigar owns and operates the Club Macanudo cigar bars in New York City and Chicago.*

*Swedish Match is an international group with headquarters in Stockholm, Sweden. The company manufactures a broad range of tobacco products, matches and disposable lighters which are sold in approximately 140 countries. Swedish Match is one of the world's largest cigar manufacturers with a turnover in the cigar operations of 900 MSEK. Annual sales in 1998 amounted to approximately 8,200 MSEK. Swedish Match is listed on Stockholm Stock Exchange and on Nasdaq.*

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