

MINUTES

kept at the Annual General Meeting of Swedish Match AB (publ), Reg. No. 556015-0756, on May 7, 2014 in Stockholm

§ 0

The Chairman of the Board, Conny Karlsson, opened the Meeting.

§ 1

Sven Unger was elected as the Chairman of the Meeting.

It was noted that the secretary of the Board, Fredrik Peyron, was assigned to keep the minutes at the Meeting.

The Meeting resolved to not permit any audio and video recording, other than on behalf of the Company for internal use.

§ 2

The list of shareholders present was approved as the voting list, Appendix 1.

§ 3

Magnus Henjeby and Peter Lundkvist were appointed to verify the minutes along with the Chairman of the Meeting.

§ 4

The secretary announced that the notice to the Annual General Meeting was published in Post- och Inrikes Tidningar on April 2, 2014, that the notice has been provided on the Company's website as from March 31, 2014 and that information in respect of the notice was published in Svenska Dagbladet on April 2, 2014.

The Meeting declared itself to have been duly convened.

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

§ 5

The Agenda, as set out in Appendix 3, was approved.

§ 6

The annual report and the auditors' report, the consolidated financial statements and the auditors' report on the consolidated financial statements for 2013, the auditors' opinion regarding compliance with the previously adopted principles for remuneration to the members of the executive management, Appendix 4, as well as the Board of Directors' proposal regarding the allocation of profit and motivated statement were presented, Appendixes 5 and 6.

The President gave an account of the Company's operations and result during 2013.

The Chairman of the Board reported on the work of the Board of Directors and the Chairman of the Audit Committee, Meg Tivéus, reported on the work and function

of the Audit Committee and remuneration for auditing and other work paid to Swedish Match's auditors in 2013.

The auditor, Cronie Wallquist, reported on the auditing work.

The shareholders were given the opportunity to ask questions. The questions were answered by the President, the Chairman of the Board and by the General Counsel.

§ 7

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

§ 8

It was resolved that the funds at the disposal of the Annual General Meeting shall be allocated by way of a dividend of 7.30 SEK per share to be paid to the shareholders, that the remaining profits be carried forward, and that the record day for the right to receive a cash dividend shall be May 12, 2014.

§ 9

It was resolved to discharge the members of the Board of Directors and the President from liability for the period January 1 – December 31, 2013.

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

§ 10 a)

The Board of Directors' proposal according to Appendix 8 was presented.

Pursuant to the Board of Directors' proposal, it was resolved that the Company's share capital shall be reduced by 2,892,441 SEK by means of withdrawal of 1,500,000 shares in the Company; and that the reduced amount shall be allocated to a fund to be used pursuant to a resolution adopted by the General Meeting.

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

§ 10 b)

Pursuant to the Board of Directors' proposal, Appendix 8, it was resolved that the Company's share capital shall be increased by 2,892,441 SEK through a transfer from non-restricted shareholders' equity to the share capital (bonus issue), whereby the share capital will be increased without issuing any new shares.

§ 11

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

Pursuant to the Board of Directors' proposal, it was resolved to authorize the Board of Directors to resolve on acquisitions of the Company's own shares, on one or several occasions prior to the next Annual General Meeting, provided that the

Company's holding does not at any time exceed 10 percent of all shares in the Company; and that the shares shall be acquired on NASDAQ OMX Stockholm at a price within the price interval registered at any given time (i.e. the interval between the highest bid price and the lowest selling price).

The purpose of the repurchasing right is primarily to enable the Company to adapt its capital needs over time, and thereby contribute to an increased shareholder value, and to enable the Company to fulfill its obligations under the Company's option program.

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

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

§ 12

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

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

Pursuant to the Board of Directors' proposal according to Appendix 10, it was resolved to adopt the principles for remuneration to members of the executive management.

§ 13

Björn Lind, a member of the Nominating Committee, reported on how the work of the Nominating Committee has been conducted.

Pursuant to the Nominating Committee's proposal, it was resolved that the Board of Directors, for the period until the next Annual General Meeting, shall consist of seven ordinary Board members and no deputies.

§ 14

The Nominating Committee's proposal as set out in Appendix 11 was presented.

The shareholder Thorvald Arvidsson proposed to exclude from the resolution the third section in the Nominating Committee's proposal.

Pursuant to the Nominating Committee's proposal, it was resolved that the Board of Directors, for the period up until the end of next Annual General Meeting, shall receive the following remuneration:

the Chairman shall receive 1,750,000 SEK, the Deputy Chairman shall receive 830,000 SEK and the other Board members shall each receive 700,000 SEK; and that

the Chairmen of the Compensation Committee and the Audit Committee shall each receive 250,000 SEK and the other members of these committees shall each receive 125,000 SEK. It was further resolved in accordance with the Nominating Committee's proposal.

It was noted that the shareholder Thorvald Arvidsson declared his reservations in respect of the resolution.

§ 15

Pursuant to the Nominating Committee's proposal according to Appendix 12, it was, for the period up until the end of the next Annual General Meeting, resolved to re-elect Andrew Cripps, Karen Guerra, Conny Karlsson, Wenche Rolfsen, Robert F. Sharpe, Meg Tivéus and Joakim Westh as ordinary Board members, Conny Karlsson as Chairman of the Board of Directors, and Andrew Cripps as Deputy Chairman of the Board of Directors.

It was noted that the employees' associations have, through special elections, appointed Kenneth Ek (the Swedish Federation of Salaried Employees in Industry and Services, PTK), Patrik Englebretsson (the Swedish Trade Union Confederation, LO) and Eva Larsson (the Swedish Trade Union Confederation, LO) as ordinary Board members, as well as Joakim Andersson (the Swedish Trade Union Confederation, LO), Eva Norlén Moritz (the Swedish Federation of Salaried Employees in Industry and Services, PTK) and Gert-Inge Rang (the Swedish Federation of Salaried Employees in Industry and Services, PTK) as Deputy Board members.

§ 16

Pursuant to the Nominating Committee's proposal according to Appendix 13, it was resolved that the number of auditors shall be one with no deputy auditor.

§ 17

Pursuant to the Nominating Committee's proposal according to Appendix 13, it was resolved that the remuneration to the auditor is to be paid according to approved accounts.

§ 18

Pursuant to the Nominating Committee's proposal according to Appendix 13, it was resolved to re-elect the auditor company KPMG AB as auditor for the period as of the end of the Annual General Meeting 2014 until the end of the Annual General Meeting 2015.

It was noted that KMPG AB has informed the Company that Cronie Wallquist will be the auditor in charge.

Minutes checked by:

Minutes kept by:

In-house translation from Swedish

Sven Unger
Chairman

Fredrik Peyron

Magnus Henjeby

Peter Lundkvist

Notice to the Annual General Meeting in Swedish Match AB (publ)

The shareholders of Swedish Match AB (publ), Reg. No. 556015-0756, are hereby notified of the Annual General Meeting to be held on Wednesday, May 7, 2014 at 16:30 (CET) at Hotel Rival, Mariatorget 3, Stockholm, Sweden.

Agenda

- 1.** Opening of the Meeting and election of the Chairman of the Meeting.
- 2.** Preparation and approval of the voting list.
- 3.** Election of one or two persons to verify the minutes.
- 4.** Determination of whether the Meeting has been duly convened.
- 5.** Approval of the Agenda.
- 6.** Presentation of the annual report and the auditors' report, the consolidated financial statements and the auditors' report on the consolidated financial statements for 2013, the auditors' opinion regarding compliance with the principles for remuneration to members of the executive management as well as the Board of Directors' proposal regarding the allocation of profit and motivated statement. In connection thereto, the President's speech and the Board of Directors' report on its work and the work and function of the Audit Committee.
- 7.** Resolution on adoption of the income statement and balance sheet and of the consolidated income statement and consolidated balance sheet.
- 8.** Resolution regarding allocation of the Company's profit in accordance with the adopted balance sheet and resolution on a record day for dividend.
- 9.** Resolution regarding discharge from liability in respect of the Board members and the President.
- 10. a)** Resolution regarding the reduction of the share capital by way of a recall of repurchased shares, and the transfer of the reduced amount to a fund to be used pursuant to a resolution adopted by the General Meeting; and
- 10. b)** Resolution regarding a bonus issue.
- 11.** Resolution regarding authorization of the Board of Directors to resolve on acquisition of shares in the Company.
- 12.** Resolution regarding principles for remuneration to members of the executive management. In connection thereto, presentation of the work and function of the Compensation Committee.
- 13.** Resolution regarding the number of members of the Board of Directors to be elected by the Meeting.
- 14.** Resolution regarding remuneration to the members of the Board of Directors.
- 15.** Election of members of the Board, the Chairman of the Board and the deputy Chairman of the Board.
- 16.** Resolution regarding the number of auditors.
- 17.** Resolution regarding remuneration to the auditor.
- 18.** Election of auditor.

The Proposals of the Nominating Committee

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

Item 13: The Board of Directors is proposed to consist of seven members and no deputies.

Item 14: Remuneration to the members of the Board of Directors is proposed to be paid as follows for the period until the next Annual General Meeting (2013 resolved remuneration within brackets). The Chairman shall receive 1,750,000 SEK (1,710,000 SEK), the deputy Chairman shall receive 830,000 SEK (810,000 SEK) and the other Board members shall each receive 700,000 SEK (685,000 SEK). It is further proposed that the Board, as remuneration for committee work, be allotted 250,000 SEK (unchanged) to each of the Chairmen of the Compensation Committee and the Audit Committee and 125,000 SEK (unchanged) to each of the other members of these committees. The board remuneration has been unchanged since 2011.

Item 15: The following members of the Board of Directors are proposed for re-election: Andrew Cripps, Karen Guerra, Conny Karlsson, Wenche Rolfsen, Robert F. Sharpe, Meg Tivéus and Joakim Westh. Conny Karlsson is proposed to be re-elected as Chairman of the Board and Andrew Cripps is proposed to be re-elected as deputy Chairman of the Board.

Item 16: The number of auditors is proposed to be one and no deputy auditor.

Item 17: Remuneration to the auditor is proposed to be paid according to approved accounts.

Item 18: The auditor company KMPG AB is proposed to be re-elected as auditor for the period as of the end of the Annual General Meeting 2014 until the end of the Annual General Meeting 2015.

The Proposals of the Board of Directors

Item 8: The Board of Directors proposes a dividend in the amount of 7.30 SEK per share to be paid to the shareholders and that the remaining profits are carried forward. The proposed record day for the right to receive a cash dividend is May 12, 2014. Payment through Euroclear Sweden AB is expected to be made on May 15, 2014.

Item 10 a): The Board of Directors proposes to reduce the Company's share capital by 2,892,441 SEK by means of withdrawal of 1,500,000 shares in the Company. The shares in the Company proposed for withdrawal have been repurchased by the Company in accordance with authorization granted by the General Meeting. The Board of Directors further proposes that the reduced amount be allocated to a fund to be used pursuant to a resolution adopted by the General Meeting.

Item 10 b): Provided that the Meeting has passed a resolution in accordance with the Board's proposal in item 10 a) above, the Board of Directors proposes an increase in the Company's share capital of 2,892,441 SEK through a transfer from non-restricted shareholders' equity to the share capital (bonus issue). The share capital shall be increased without issuing any new shares. The reason for the bonus issue is that if the Company transfers an amount to the share capital corresponding to the amount by which the share capital is reduced in accordance with the Board's proposal in item 10 a) above, the resolution to reduce the share capital may be passed without obtaining permission from the Swedish Companies Registration Office (*Bolagsverket*), or, in disputed cases, the court.

The effect of the Board of Directors' proposal in item 10 a) is a reduction of the Company's share capital of 2,892,441 SEK. The effect of the Board of Directors' proposal in item 10 b) is a corresponding increase of the Company's share capital through a bonus issue, thereby restoring it to its balance prior to the reduction.

The resolution of the Annual General Meeting in accordance with the Board's proposal in item 10 a) is only valid if supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

Item 11: The Board of Directors proposes that it be authorized to resolve on acquisition of the Company's own shares, on one or several occasions prior to the next Annual General Meeting, provided that the Company's holding does not at any time exceed 10 percent of all shares in the Company. The shares shall be acquired on NASDAQ OMX Stockholm at a price within the price interval registered at any given time, i.e. the interval between the highest bid price and the lowest selling price. The purpose of the repurchasing right is primarily to enable the Company to adapt its capital structure to its capital needs over time, and thereby contribute to an increased shareholder value, and to enable the Company to fulfill its obligations under the Company's option program.

The resolution of the Annual General Meeting with regard to the Board's proposal under item 11 requires the support of shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

Item 12: The Board of Directors proposes that the 2014 Annual General Meeting adopts principles for remuneration and other terms of employment for members of executive management according to the following. Remuneration and other terms of employment shall correspond to market practice. In addition to the fixed salary, the members of the executive management may be entitled to variable remuneration. The variable remuneration may include an annual short term program to be paid out in the beginning of the following year, depending on the outcome of the program, and a long term program with a performance period which shall not be shorter than three years. The variable remuneration, which shall be capped in relation to the fixed salary, shall primarily be based on specific, clear, predetermined and measurable financial or operational objectives. The variable remuneration may include an obligation to purchase and hold shares in the Company. The proposed principles are unchanged compared to the

principles adopted by the 2013 Annual General Meeting. Full details on the proposed principles for remuneration and other terms of employment for the executive management and its application in 2014 are available on the Company's website www.swedishmatch.com.

Documents

The annual report, the auditors' report, the auditor's opinion according to item 6 and full details of the proposals and statements regarding items 8, 10 a), 10 b), 11, 12 and 15, will be made available at Swedish Match headquarters (Legal Department) at Västra Trädgårdsgatan 15 in Stockholm, Sweden, no later than April 16, 2014. The documents will be sent to shareholders upon request, provided that such shareholder states a postal address. All the above documents will be available on the Company's website, www.swedishmatch.com and be presented at the Annual General Meeting.

Number of shares and votes in the Company

The total number of shares and votes in Swedish Match AB (publ) on the issue date of this notice amounts to 202,000,000, of which 2,911,271 shares are presently repurchased own shares of the Company which may not be represented at the Meeting.

Right to participate in the Meeting

In order to participate in the Meeting you need to be registered as a shareholder in the share register kept by Euroclear Sweden AB on April 30, 2014. In addition, you need to notify Swedish Match of your intention to participate in the Meeting no later than April 30, 2014, at which time the notification shall have been received by Swedish Match. Shareholders who wish to be accompanied by one or two assistants at the Meeting shall also inform Swedish Match thereof within the appointed period of time.

Notice of participation

Notice of participation may be submitted in writing to Swedish Match AB (publ), "Årsstämman", P.O Box 7842, SE-103 98 Stockholm, Sweden, by telephone at +46 (0)8 402 90 42 (09:00 – 16:00 CET), or via the internet at www.swedishmatch.com/agm. Upon giving notice of participation, the shareholder shall state his or her name/company name, civic ID/corporate registration number, address, telephone number (daytime) and the name(s) of assistant(s), if any. Receipt of notification will be confirmed by Swedish Match, which will issue an attendance card prior to the Meeting to be presented at the entrance to the venue where the Meeting is held.

Proxy form

Proxy forms are available upon request and on the Company's website www.swedishmatch.com.

Proxy

Shareholders who are represented by proxy shall issue a power of attorney for the proxy. If the power of attorney is issued by a legal entity, a copy of the corporate registration certificate for such legal entity shall be enclosed (or if no such document is available, an

equivalent authorization document). The proxy is valid for one year from the date of issuance or the longer period of validity stated in the proxy, however not longer than five years from the date of issuance. To facilitate entry at the Meeting, the power of attorney in original as well as the corporate registration certificate and other authorization documents, if any, should be provided to the Company at the address stated above no later than Monday, May 5, 2014.

Registration in share register

Shareholders whose shares are nominee registered and who wish to participate in the Meeting must temporarily re-register such shares in their own name (i.e. voting right registration). Request for re-registration shall be submitted to the bank or broker who administers the shares in sufficient time to allow the re-registration to be effective at Euroclear Sweden AB no later than Wednesday, April 30, 2014.

Information at the Annual General Meeting

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

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

Stockholm, March 2014

SWEDISH MATCH AB (publ)
The Board of Directors

**AGENDA OF THE ANNUAL GENERAL MEETING IN
SWEDISH MATCH AB (PUBL) WEDNESDAY, MAY 7, 2014,
AT 16:30 (CET)**

1. Election of Chairman of the Meeting.

The Nominating Committee's proposal: Attorney Sven Unger.

2. Preparation and approval of voting list.
3. Election of one or two persons to verify the minutes.
4. Determination of whether the Meeting has been duly convened and issues in respect of attendance to the Meeting.

Notice to attend the Meeting has been published in Post- och Inrikes Tidningar on April 2, 2014 and on the Company's website on March 31, 2014.
Information that notice has been issued was published in Svenska Dagbladet on April 2, 2014.

5. Approval of the Agenda.
6. Presentation of the annual report and the auditors' report and of the consolidated financial statements and the auditors' report on the consolidated financial statements for 2013, the auditors' opinion regarding compliance with the principles for remuneration to members of the executive management as well as the Board of Directors' proposal regarding the allocation of profit and motivated statement. In connection thereto, the President's speech and the Board of Director's report on its work and the work and function of the Audit Committee.
7. Resolution on adoption of the income statement and balance sheet and of the consolidated income statement and consolidated balance sheet.
8. Resolution regarding allocation of the Company's profit in accordance with the adopted balance sheet and resolution on a record day for dividend.

The Board's proposal: Appendix 1.

9. Resolution regarding discharge from liability in respect of the Board members and the President.
10. a) Resolution regarding the reduction of the share capital by way of a recall of repurchased shares, and the transfer of the reduced amount to a fund to be used pursuant to a resolution adopted by the General Meeting; and
10. b) Resolution regarding a bonus issue.

The Board's proposal: Appendix 2.

11. Resolution regarding authorization of the Board of Directors to resolve on acquisition of shares in the Company.

The Board's proposal: Appendix 3.

12. Resolution regarding principles for remuneration to members of the executive management. In connection thereto, presentation of the work and function of the Compensation Committee.

The Board's proposal: Appendix 4.

13. Resolution regarding the number of members of the Board of Directors to be elected by the Meeting.

The Nominating Committee's proposal: The board shall consist of seven members and no deputies.

14. Resolution regarding remuneration to the members of the Board of Directors, specifying the distribution between the Chairman and other Board members and remuneration for committee work.

The Nominating Committee's proposal: Appendix 5.

15. Election of members of the Board, the Chairman of the Board and the deputy Chairman of the Board.

The Nominating Committee's proposal: Appendix 6.

16. Resolution regarding the number of auditors.

The Nominating Committee's proposal: Appendix 7.

17. Resolution regarding remuneration to the auditor.

The Nominating Committee's proposal: Appendix 7.

18. Election of auditor.

The Nominating Committee's proposal: Appendix 7.

Auditor's opinion under Chapter 8 § 54 of the Swedish Companies Act (2005:551) regarding compliance with the principles of the Annual General Meeting for remuneration to members of the executive management

To the Annual General Meeting of Swedish Match AB (publ)

Reg. No. 556015-0756

Introduction

We have audited whether the Board of Directors and the Chief Executive Officer of Swedish Match AB (publ) during the year 2013 have complied with the principles for remuneration to members of the executive management adopted by the Annual General Meeting held on May 2, 2012, and by the Annual General Meeting held on April 25, 2013.

Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for compliance with the principles and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure compliance with these principles.

Responsibility of the Auditor

Our responsibility is to issue an opinion, based on our audit, to the Annual General Meeting on whether the principles have been complied with. We have conducted the audit in accordance with the recommendation RevR 8 issued by FAR, *Audit of Remuneration to Officers in Listed Companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the principles adopted by the Annual General Meeting, in all material aspects, have been complied with.

The audit has included the Company's organization for and documentation of remuneration issues in respect of the executive management, the new resolutions on remuneration which have been adopted and a selection of the payments made during the to the executive management during the financial year. The auditor decides on what procedures are to be performed, *inter alia*, by assessment of the risk of the principles not being complied with in all material aspects. In this risk assessment, the auditor considers the parts of the internal control relevant to the compliance with the principles in order to design audit procedures that are appropriate given the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit provides a reasonable basis for our opinion set out below.

Opinion

In our opinion, the Board of Directors and Chief Executive Officer of Swedish Match AB (publ) have during the year 2013 complied with the principles for remuneration to members of the executive management adopted by the Annual General Meeting held on May 2, 2012, and by the Annual General Meeting held on April 25, 2013.

Stockholm, March 10, 2014

Signature on Swedish original
KPMG AB

Cronie Wallquist
Authorized Public Accountant

The Board of Directors' proposal under item 8 on the Agenda of the Annual General Meeting of Swedish Match AB (publ) on May 7, 2014

The Board of Directors proposes a dividend in the amount of SEK 7.30 per share to be paid to the shareholders. The Board of Directors proposes that the remaining profits be carried forward.

The proposed record day for the right to receive a cash dividend is May 12, 2014. Payment through Euroclear Sweden AB is expected to be made on May 15, 2014.

The Board of Directors' motivated statement concerning the justification of the proposed profit allocation in accordance with Chapter 18, § 4 of the Swedish Company Act, is enclosed in Appendix 6.

Statements by the Board of Directors pursuant to Chapter 18, § 4 and Chapter 19, § 22 in the Swedish Companies Act with regard to the proposed dividend to the 2014 Annual General Meeting in respect of the 2013 financial year, and the Board's proposal regarding authority to repurchase the Company's own shares

Background

The Board of Directors has analyzed and evaluated the proposed dividend in respect of the 2013 financial year, and the proposed authorization in respect of repurchase of the Company's own shares. The analysis has been based, among other things, on a review of the Group's financial strategy and a financial and strategic long-term plan, including a risk analysis. The proposed dividend and exercise of share repurchases under the proposed authorization repurchase the Company's own shares have been assessed in view of the Group's financial policy and the Group's dividend policy. Please see the directors' report for a description of the financial policy and the dividend policy.

The nature, scope and inherent risks of the operations

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

The financial position of the Company and the Group

The financial position of the Company and the Group on December 31, 2013, is shown in the most recently published annual report. The consolidated shareholders' equity has been calculated in accordance with International Financial Reporting Standards (IFRS) adopted by the EU, and by applying RFR 1 *Supplementary Accounting Rules for Groups* issued by the Swedish Financial Reporting Board. On December 31, 2013, the consolidated shareholders' equity was negative and amounted to -786 MSEK, -87 MSEK of which is attributable to a hedge reserve. The shareholders' equity of the parent Company has been calculated in accordance with the same principles as for the Group and by applying the Swedish Financial Reporting Board's recommendation, RFR 2 *Accounting for Legal Entities*. On December 31, 2013, the shareholders' equity amounted to 22,192 MSEK. The amount includes market valuation of certain subsidiaries of 18,100 MSEK.

The Group's actual financial position differs from the financial position reported in the most recently published annual report in that the companies within the Group own a number of assets with market values exceeding the reported values. Based on the closing price of the Swedish Match share on December 30, 2013, the market value of the Group's shareholders' equity was 41,143 MSEK.

As can be seen from the proposed allocation of profits, the Board proposes a dividend of 7.30 SEK per share. Given the number of outstanding shares on December 31 2013, the total dividend is 1.453 MSEK, corresponding to 6.5 percent of the parent Company's shareholders' equity and exceeding the Group's reported shareholders' equity by 2.239 MSEK. The ratio of the dividend to the market value of shareholders' equity of the Group on December 31, 2013, is 3.5 percent.

The Board further proposes that the Annual General Meeting renews the authorization for the Board to resolve on acquisition of the Company's own shares to the extent that the Company's holding not at any time exceeds 10 percent of its shares. Assuming that 18,650 million shares would be repurchased at a price of 194 SEK per share, the total repurchase would amount to 3.618 MSEK. This amount corresponds to 17.4 percent of the parent Company's shareholders' equity after dividend and exceeds the Group's reported shareholders' equity by 5.9 BSEK. If exercised in full, the repurchase program would correspond to about 8.8 percent of the market value of the Group's shareholders' equity on December 31, 2013.

The Board considers the proposed authorization to repurchase shares to be flexible. The Board will at future board meetings resolve on and evaluate the actual utilization of the authorization.

The Group's interest coverage ratio, based on EBITA (earnings before financial items, adjusted for large non-recurring items, tax and amortization of intangible assets/net interest items) was 7.0 on December 31, 2013, and the net debt in relation to EBITA was 2.3.

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

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

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

Justification of the asset transfers

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

Stockholm February 18, 2014

Conny Karlsson
Chairman of the Board

Andrew Cripps
Deputy Chairman

Kenneth Ek
Board Member

Patrik Engelbrektsson
Board Member

Karen Guerra
Board Member

Eva Larsson
Board Member

Wenche Rolfsen
Board Member

Robert F. Sharpe
Board Member

Meg Tivéus
Board Member

Joakim Westh
Board Member

The Board of Directors' proposal under items 10 a) and 10 b) on the Agenda of the Annual General Meeting of Swedish Match AB (publ) on May 7, 2014

Item 10 a)

The Board of Directors proposes to reduce the Company's share capital by 2,892,441 SEK by means of withdrawal of 1,500,000 shares in the Company. The shares in the Company proposed for withdrawal have been repurchased by the Company in accordance with authorization granted by the General Meeting. The Board of Directors further proposes that the reduced amount be allocated to a fund to be used pursuant to a resolution adopted by the General Meeting.

Item 10 b)

Provided that the General Meeting passes a resolution in accordance with the Board's proposal under item 10 a) above, the Board of Directors proposes an increase in the Company's share capital of 2,892,441 SEK through a transfer from non-restricted shareholders' equity to the share capital (bonus issue). The share capital shall be increased without issuing any 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 proposal under item 10 a) above, the resolution to reduce the share capital may be passed without obtaining permission from the Swedish Companies Registration Office (*Bolagsverket*), or, in disputed cases, the court.

The effect of the Board of Directors' proposal under item 10 a) is a reduction in the Company's share capital of 2,892,441 SEK. The effect of the Board of Directors' proposal under item 10 b) is a corresponding increase in the Company's share capital through a bonus issue, thereby restoring it to its balance prior to the reduction.

The auditor's opinion, in accordance with Chapter 20 § 14 of the Swedish Companies Act and in respect of this statement by the Board of Directors, is enclosed in Appendix 8 A.

The resolution of the General Meeting in accordance with the Board's proposal under item 10 a), is only valid if supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

Translation of Swedish original

Auditor's opinion under Chapter 20 § 14 of the Swedish Companies Act (2005:551) in respect of the Board's proposed resolutions under items 10 a) and 10 b) on the Agenda of the Annual General Meeting

To the Annual General Meeting of Swedish Match AB (publ)

Reg. No. 556015-0756

We have audited the Board of Directors' statement concerning its proposed resolutions under items 10 a) and 10 b) on the Agenda of the Annual General Meeting on May 7, 2014.

The Board of Directors' responsibility for the statement

The Board of Directors is responsible for preparing the statement in accordance with the Swedish Companies Act and for the internal control that the Board of Directors deems necessary to enable the preparation of the statement, free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to issue an opinion, based on our audit, in respect of the statement. The audit was performed in compliance with the recommendation RevR 9 issued by FAR, *The Auditor's Other Statements Pursuant to the Swedish Companies Act and the Companies Ordinance*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance in respect of whether the Board's statement is free from material misstatements.

The audit includes performing procedures to obtain evidence about the financial and other information in the Board of Directors' statement. The auditor decides on what procedures are to be performed, *inter alia*, by assessment of the risk of material misstatements in the statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control relevant to the Board of Directors' preparation of the statement in order to design audit procedures that are appropriate given the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. The audit also includes evaluating the appropriateness of actions taken in connection with the company's restricted equity or share capital as well as the reasonableness of the assessments made by the Board of Directors. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the actions to be taken and which will not result in any reduction of either the restricted equity or share capital of the company are appropriate and the assessments made by the Board of Directors in respect of the effects of these actions are correct.

Other information

The sole purpose of this auditor's opinion is to satisfy the requirements of Chapter 20 § 14 of the Swedish Companies Act and it may not be used for any other purpose.

Stockholm, April 8, 2014
Signature on Swedish original
KPMG AB

Cronie Wallquist
Authorized Public Accountant

The Board of Directors' proposal under item 11 on the Agenda of the Annual General Meeting of Swedish Match AB (publ) on May 7, 2014

The Board of Directors proposes that it be authorized to resolve on acquisition of the Company's own shares, on one or several occasions prior to the next Annual General Meeting, provided that the Company's holding does not at any time exceed 10 percent of all shares in the Company. The shares shall be acquired on NASDAQ OMX Stockholm, at a price within the price interval registered at any given time, i.e. the interval between the highest bid price and the lowest selling price. The purpose of the repurchasing right is primarily to enable the Company to adapt its capital structure to its capital needs over time, and thereby contribute to an increased shareholder value and to enable the Company to fulfil its obligations under the Company's option program.

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

The Board of Directors' statement concerning the justification of the proposed authorization in respect of repurchase of the Company's own shares pursuant to Chapter 19 § 22 of the Swedish Companies Act, is enclosed in Appendix 9 A.

The resolution of the General Meeting with regard to the Board's proposal under item 11 is only valid if supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

Previous repurchases*

Year	2009	2010	2011	2012	2013
Number of repurchased shares	17,860,000	16,502,894	11,148,782	7,440,302	1,578,627
Holding at year-end	19,700,000	16,202,894	8,827,859	6,591,665	2,954,479
Holding at year-end as a percentage of total share capital	7,8 %	7,0 %	4,1 %	3,2 %	1,46 %

* net after shares sold in conjunction with stock option programmes

The Board of Directors' proposal under item 12 on the Agenda of the Annual General Meeting of Swedish Match AB (publ) on May 7, 2014

The Board of Directors proposes that the following principles for remuneration and other terms of employment for the President and other members of the Group management be adopted by the Annual General Meeting 2014. The members of the Group management are referred to below as the “**Group Management Team**” or “**GMT**”.

The objective of these principles is to ensure that the Company is able to recruit and retain employees with appropriate skills and qualifications for their respective duties. The remuneration structures shall encourage employees to do their utmost to safeguard shareholders' interests. Swedish Match takes into account both global remuneration practice and the practice of the country of residence of each member of the GMT. The principles apply in relation to members of the GMT appointed after the adoption of the principles, and, in other cases, to the extent permitted under existing agreements. The annual report for 2013 sets out details of the remuneration and benefits of the GMT during 2013.

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

1. Fixed salary

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

2. Variable salary

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

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

3. Profit Sharing System

All employees in Sweden are participating in Swedish Match profit sharing system (“**PSS**”). For 2014 the maximum total accruals for GMT members is estimated to 0.3 MSEK.

4. Insurable benefits

Old age pension, disability and sickness benefits, medical benefits and life insurance benefits shall be designed to reflect the practices in the country where a member of the GMT is resident. New members of the GMT shall preferably be covered by defined contribution plans.

5. Severance pay, etc

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

6. Other benefits

Other benefits shall be payable in accordance with local custom. The combined value of these benefits shall constitute a limited value in relation to the total remuneration package and shall correspond to market practice.

7. The Board's right to deviate from the principles

The Board of Directors shall be entitled to deviate from the principles approved by the Annual General Meeting if specific reasons for doing so exist in any individual case.

8. Committee work and decisions

Swedish Match Board of Directors shall have a Compensation Committee. The Committee has the authority to approve salary and other remuneration and employment terms for members of the GMT, except those regarding the President. The Committee shall prepare and present proposals for the Board's decisions on issues relating to salary and other remuneration and employment terms for the President. The Committee is authorized to decide and in relation to the President to propose to the Board of Directors the further details regarding the criteria and targets on which the variable salary is based for the GMT. In addition hereto the Committee is authorized to decide to what extent such criteria and targets have been met both for the GMT and the President.

9. Previous undertakings not yet due

The Company has no previous undertakings not yet due besides what is evident from the annual report 2013.

Application of principles on variable salary for 2014

In order to ensure alignment with long-term shareholder interests, to strengthen the retention element of the variable salary and to promote company shareholding among the Group Management Team (“GMT”) the variable salary includes a short term cash incentive and a long term cash incentive program where the short term program includes an incentive for the GMT members to purchase and retain shares in the Company while the long term program includes an obligation to purchase and an undertaking to retain such shares. The performance period for the short term and the long term programs will be one year and three years respectively.

Short term variable salary

The maximum short term variable salary for the President and other members of the GMT residing in Sweden shall be 70 and 60 percent respectively of their 2014 base salary. To comply with local market standards the maximum short term incentive for one member residing outside of Sweden shall be 70 percent of the 2014 base salary. Subject to justified exemptions, a 20 percentage point reduction in maximum variable salary shall apply to any GMT member who does not commit to purchase Company shares for at least 50 percent of the received cash award net of income tax and to retain such shares for a period of not less than three years. The minimum level of performance that must be reached to earn any allocation and the maximum level of performance at which payout is capped shall be defined in the beginning of each year by the Compensation Committee in relation to the GMT members other than the President and by the Board of Directors in relation to the President.

Accruals for short term variable salary objectives for GMT members 2014 are estimated¹ to range between 0 MSEK and 14 MSEK.

Long term variable salary

The maximum long term variable salary of the President and other members of the GMT (except as set forth below) shall be either 45 percent of the 2014 base salary or 750 000 SEK depending on the remit of the GMT member. Subject to justified exemptions, all members of the GMT will be obliged to purchase company shares for the full cash award net of income tax and shall retain such shares for a period of not less than two years. One member of GMT residing outside Sweden may participate in an additional long term variable salary program capped at 100 percent of the base salary every second year.

The outcome in the long term variable salary program is dependent on one criterion determined at the beginning of 2014 but measured over the full performance period 2014-2016. The criterion is total Group Operating profit from products areas for the years 2014-2016. There will not be any pay-out at all unless there is an improvement in relation to the comparable performance of the Group in 2013.

Accruals for the GMT long term incentive programs are estimated¹ to range between 0 MSEK below minimum level and 10 MSEK at maximum level depending on performance outcome.

¹ Estimation made on the assumption that Group Management Team is unchanged and on an assumed exchange rate SEK vs. USD of 6.48.

The Nominating Committee's proposal under item 14 on the Agenda of the Annual General Meeting of Swedish Match AB (publ) on May 7, 2014

The Nominating Committee proposes that the remuneration to the members of the Board of Directors, for the period until the next Annual General Meeting, be paid according to the following (2013 resolved remuneration within brackets).

The Chairman of the Board shall receive 1,750,000 SEK (1,710,000 SEK), the deputy Chairman shall receive 830,000 SEK (810,000 SEK) and the other Board members elected by the Meeting shall each receive 700,000 SEK (685,000 SEK). It is further proposed that the Board, as remuneration for committee work, be allotted 250,000 SEK (unchanged) to each of the Chairmen of the Compensation Committee and the Audit Committee, and 125,000 SEK (unchanged) to each of the other members of these committees. The board remuneration has been unchanged since 2011.

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

The Nominating Committee's proposal under item 15 on the Agenda of the Annual General Meeting of Swedish Match AB (publ) on May 7, 2014

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

Re-election of: Andrew Cripps
 Karen Guerra
 Conny Karlsson
 Wenche Rolfsen
 Robert F. Sharpe
 Meg Tivéus
 Joakim Westh

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

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

Presentation of proposed Board members

Conny Karlsson

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

Other board assignments: Chairman of Cederroth AB and Euroflorist AB.

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

Own and related parties' shares: 30,000

Andrew Cripps

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

Other board assignments: Non Executive Director and Chairman of the Audit Committees of the Booker Group, Stock Spirits Group Plc and 2 Sisters Food Group.

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

Own and related parties' shares: 19,200

Karen Guerra

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

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

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

Own and related parties' shares: 11,677

Wenche Rolfsen

Born 1952. M.Sc. in Pharmacy and Ph.D. in Pharmacology Uppsala University.
Board member since 2013. Member of the Audit Committee.

Other board assignments: Chairman of the Board of Index Pharmaceuticals; Vice Chairman of Moberg Derma; Board member of Stiftelsen Industrifonden, Apotek Produktion & Laboratorier AB (APL) and Sarsia Seed.

Previous positions: Vice President; Director of Quintiles Phase I, Europe, CEO, Quintiles, Scandinavia; Director, Quintiles, Sweden; Managing Director of Pharmacology, Pharmacia Upjohn, Head of Pharmacology, Pharmacia Ophthalmics; Head of Pharmacology, Pharmacia Läkemedel.

Own and related parties' shares: 1,680

Robert F. Sharpe

Born 1952. J.D. Wake Forest University, B.A. DePauw University, and BSE Purdue University. Board member since 2011. Member of the Compensation Committee.

Other board assignments: Board member of Ameriprise Financial Inc.

Previous positions: President of Commercial Foods, ConAgra Foods Inc.; Executive Vice President and Chief Administrative Officer, ConAgra Foods Inc.; Partner, Brunswick Group; Senior Vice President and General Counsel, PepsiCo Inc.

Own and related parties' shares: 11,200

Meg Tivéus

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

Other board assignments: Chairman of Folktandvården Stockholm AB, Arkitektkopia AB, and Björn Axén AB. Board member of Cloetta AB, Endomines AB, and Nordea Fonder AB.

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

Own and related parties' shares: 4,000

Joakim Westh

Born 1961. M.Sc. Royal Institute of Technology and M.Sc. Aeronautics and Astronautics MIT. Owner and Management Consultant, J. Westh Företagsutveckling AB and Chairman and co-owner of EMA Technology AB. Board member since 2011. Member of the Audit Committee.

Other board assignments: Board member of Absolent AB, SAAB AB, Intrum Justitia AB, and CGI Group Inc.

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

Own and related parties' shares: 2,500

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

As members of the Board:

Kenneth Ek, PTK
Patrik Engelbrektsson, LO
Eva Larsson, LO

As deputy members of the Board:

Joakim Andersson, LO
Eva Norlén-Moritz, PTK
Gert-Inge Rang, PTK

The Nominating Committee's proposal under items 16-18 on the Agenda of the Annual General Meeting of Swedish Match AB (publ) on May 7, 2014

Item 16: The Nominating Committee proposes the number of auditors to be one and no deputy auditor.

Item 17: The Nominating Committee proposes that remuneration to the auditor, as previous years, be paid according to approved accounts.

Item 18: The Nominating Committee proposes re-election of the auditor company KPMG AB, for the period as of the end of the Annual General Meeting 2014 until the end of the Annual General Meeting 2015.