



SWEDISH MATCH

To: OUR VALUED RETAIL PARTNERS

SUBJECT: FDA COMPLIANT PACKAGING AND RETAIL POINT OF SALE

The Food and Drug Administration now has broad statutory authority to regulate the manufacture and marketing of cigarettes and smokeless tobacco under the Federal Food, Drug and Cosmetic Act (FFDCA). Please note that Cigars are not covered under the FFDCA regulations discussed below.

On June 22nd, 2010 a number of marketing restrictions become effective. **This letter is intended to provide a summary of our plans to assist you in meeting the compliance requirements as they relate to point-of-sale material.**

We also provide summary information as it relates to packaging compliance since you will most likely see new FDA compliant packaging at retail in the May to June period.

This letter is not intended to provide direction for all areas of responsibility required on your behalf. We share this specific information so that our upcoming actions at store level will be better understood by our retail partners.

POINT-OF-SALE

Compliant point-of-sale requires warning labels that cover a minimum of 20% of the surface area.

Color point-of-sale with brand logos and imagery is acceptable.

All point-of-sale must meet the above requirements by June 22nd, 2010.

To assist you in making your stores compliant to the new point-of-sale regulations, Swedish Match sales representatives will begin replacing point-of-sale material in April. This will allow for a complete transition of all Swedish Match point-of-sale by the effective date.

In the meantime, we ask that you preserve the competitive integrity within the category and not allow vendors to proactively remove competitive point-of-sale material without your consent.

PACKAGING COMPLIANCE

Compliant packaging requires warning labels that cover a minimum of 30% of the surface area on the two primary display panels.

Manufacturers cannot ship non-compliant packaging from their facilities after July 22, 2010. This timeframe allows a 30-day grace period for the manufacturer from the June 22nd effective date. **Non-compliant product inventory in possession at a distributor level, or in retail stores, is acceptable to sell to the end consumer and should not be returned. There is no restriction as it relates to selling non-compliant inventory in your possession.** Since smokeless product has a shelf-life, we would anticipate the majority of retail inventory of existing package designs to be sold through to the consumer. In addition, Swedish Match is taking action to ensure that as much FDA compliant packaging is on the retail shelf as possible by June 22nd.

If you have any questions, please contact your local Swedish Match sales representative.



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March 12, 2010

To Our Retail Customers:

SUBJECTS: Point Of Sale Advertising and Self-Service Displays Under the Family Smoking Prevention and Tobacco Control Act of 2009

Point of Sale Advertising and Self Service Displays under The Family Smoking Prevention and Tobacco Control Act of 2009

Conwood Company, now known as American Snuff Company, LLC, has made a practice of giving you Point of Sale ("POS") advertising material in order to assist you in your efforts to merchandise and sell your American Snuff Company products.

As you are likely aware, last year Congress enacted The Family Smoking Prevention and Tobacco Control Act of 2009 (the "Act.") The Act imposes several changes to the content and placement of smokeless tobacco POS advertising at retail and requires that retailers ensure that all point-of-sale ("POS") tobacco advertisements located at the retailer's establishment are "removed or are brought into compliance with the requirements" of the Act on or before **June 22, 2010**.

The new POS requirements imposed by the Act include the following:

- POS advertising must state the advertised tobacco product's "established name" (for example, Grizzly advertising must include the statement "moist snuff"; Levi Garrett advertising must include the statement "chewing tobacco").
- POS advertising must feature larger warnings than in the past, and the "circle and arrow" format has been changed.
- No outdoor advertising for cigarettes or smokeless tobacco "may be placed within 1,000 feet of the perimeter" of any public playground, playground area of a public park, or elementary or secondary school.
- Items bearing a tobacco brand name that have a function other than simply advertising (such as a Grizzly wall clock) are prohibited under the Act and must be removed.

Note also that the Act required black and white, text only advertising in most retail stores. However, this requirement was invalidated by a United States District Court on constitutional grounds, and does not apply.

Additionally, self-service displays of smokeless tobacco are prohibited. Any self-service displays must be moved to a non-self-service location.

Consistent with our past practice, American Snuff Company intends to give new POS advertising material to retailers who want it for their use beyond the effective date of the new requirements. As our sales representatives and contractors visit retail establishments, they will be available to point out older American Snuff POS and displays which, in our view, do not comply with the requirements of the Act and, in many cases, to remove such POS which is not affixed to the establishment. These visits will begin in the first quarter of 2010, and will be conducted by a combination of personnel from American Snuff Company and a third party inventory service (likely W.I.S.)



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While American Snuff representatives or contractors may provide or attempt to provide assistance with changeover of POS advertising, you may have non-compliant materials that remain present. While American Snuff wants to help you minimize the potential disruption associated with your obligations under the Act, we will not be attempting to remove or make compliant each display or piece of POS advertising located in or at a retail outlet that does not comply with The Act. Nor will we be able to visit every retailer which may have American Snuff POS advertisements. Thus, non-compliant materials may remain in or at your outlet. Accordingly, retailers should plan on taking appropriate steps to ensure compliance prior to the effective date of the Act.

Looking Forward

We appreciate your cooperation and look forward to a successful 2010. American Snuff requests that you disseminate this letter to the appropriate personnel throughout your organization. If you have any questions regarding American Snuff Company advertising materials or displays at your retail locations, please contact your American Snuff Company Representative.

Thank you for your support in the marketing of our products.

AMERICAN SNUFF COMPANY