



Contact: Joanna Kamarinopoulos
Public Relations Manager
Karelia Tobacco Company Inc.

KARELIA ESTABLISHES NEW SUBSIDIARY IN TURKEY

2009 – Karelia has established a new subsidiary in Turkey called Karelia Tütün ve Ticaret AŞ. The Company’s objective is to strengthen its competitive position among regional duty free operators in that country, and to develop its presence in the neighboring emerging markets of Central Asia, and parts of the Middle East, where it sees numerous opportunities for growth.

Currently, the business is growing quickly in Turkey’s duty free market where Karelia brands have significantly increased their presence at airport, sea store, and border shops, with multiple launches of brand variants having carried the focus of development. The Company has put together a well-rounded diversified portfolio in this market and has been in the planning stages of establishing the subsidiary, which will become fully operational in 2009.

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