

Press release

10 December 2007

Holmen

Reduction in newsprint production capacity

Holmen intends to reduce the volume of standard newsprint by a total of 150,000 tonnes/year by adjusting the Holmen Paper business area's production strategy and product mix. This process will include a review of the Hallsta paper mill's structure with the objective of discontinuing production on PM2, the oldest of the mill's four paper machines, which has a capacity of around 110,000 tonnes/year.

"The high costs of wood, recovered paper and energy make it essential to overhaul the mill's structure in order to create better conditions for the future. This applies to the paper production as well as the energy and pulp production at Hallsta," says Magnus Hall, Holmen's President and CEO.

Revaluation of Holmen's forests

Following a new valuation of Holmen's forest holdings the value of the forest is calculated to increase by around MSEK 2,100. This change in value will result in an increase of around MSEK 590 in deferred tax liability. The revaluation will be taken into the income statement for the fourth quarter of 2007.

Write-down of goodwill and fixed assets at Holmen Paper

Following a new valuation of goodwill and fixed assets Holmen will write down the value of its goodwill by some MSEK 550. The value of fixed assets will also be written down by an amount corresponding to around MSEK 1,050. The reason for this measure is the high costs of wood, recovered paper and energy. Both the goodwill and the other assets are in the accounts of Holmen Paper. The write-down will be taken into the income statement in the fourth quarter of 2007.

The value of Holmen Timber's fixed assets will be written up by some MSEK 60 in the fourth quarter of 2007. This revaluation relates to previously written down asset values.

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In its capacity as issuer, Holmen AB is releasing the information in this press release in accordance with Chapter 9 a § 3 of the Swedish Securities Exchange and Clearing Operations Act (1992:543). The information was distributed to the media for publication at 09.55 hrs a.m. on 10 December 2007.