

# Corporate governance report



Holmen AB is a Swedish public limited company, listed on the Stockholm Stock Exchange (Nasdaq OMX Nordic) since 1936. The preparation of a corporate governance report has been mandatory pursuant to the Swedish Annual Accounts Act since 2010. This corporate governance report complies with the rules of the Swedish Code of Corporate Governance and the directions for its application.

## Laws and articles of association

First and foremost, Holmen AB is obliged to comply with the Swedish Companies Act, the rules accompanying its listing on Nasdaq OMX Nordic, Stockholm, and good stock market practice. The stock exchange incorporated the Swedish Code of Corporate Governance (the Code) in 2005. The Code is an integral part of the stock exchange's regulations; it is part of self-regulation in Swedish business and is based on the "comply or explain" principle. This means that a company complying with the Code may deviate from individual rules but must report the reasons for each deviation. In its operations, Holmen shall also comply with the company's articles of association.

## Shareholders

At year-end, Holmen AB had 28 899 shareholders. See pages 50–52 for information on the share and ownership structure.

## General meetings of shareholders

The notice convening the Annual General Meeting (AGM) is sent no earlier than six and no later than four weeks before the meeting. The notice contains information about registering intention to attend and entitlement to participate in and vote at the

meeting, a numbered agenda of the items to be addressed, information on the proposed dividend and the main content of other proposals. Shareholders or proxies are entitled to vote for the full number of shares owned or represented and can notify the company of their intention to attend the AGM via the company's website or other means.

Notices convening an Extraordinary General Meeting (EGM) called to deal with the company's articles of association shall be sent no earlier than six and no later than three weeks before the meeting. Notices convening other EGMs shall be sent no earlier than six and no later than two weeks before the meeting.

Proposals for submission to the meeting should be addressed to the Board and submitted in good time before the notice is distributed. Information about the rights of shareholders to have matters discussed at the meeting is provided on the website.

The 2011 AGM was held in Swedish, and the material presented was in Swedish. The notice convening the meeting, the agenda, the CEO's speech and the minutes are available on the company's website. The meeting was attended by the entire Board – except for one member who was unable to be present – as well as the entire Group management and the company's auditor. During the AGM,

the shareholders had the opportunity to ask and obtain answers to questions. The issues addressed included the effects on the forest industry of deregulation of the electricity market; the company's view on the level of return on capital and future level of investment; the competitiveness of Braviken Sawmill; work on gender equality at the company; and management's shareholding in the company. The AGM adopted the income statement and balance sheet, decided on the appropriation of profits and granted the departing Board discharge from liability.

Ramsay Brufer of Alecta, Carl-Fredrik Lorenius of Swedbank Robur Fonder AB and Karl-Henrik Liminga, acting on behalf of Aktiespararna and others, checked and approved the minutes of the meeting. It was not possible to follow or participate in the meeting from other locations using communication technology. Similarly, no such possibility is planned for the 2012 meeting.

It was announced on 31 March 2011 that the 2012 AGM would take place in Stockholm on 29 March 2012.

## Nomination committee

The AGM decided to set up a nomination committee to consist of the chairman of the Board and one representative from each of the three shareholders in the company that

### Composition of the nomination committee

NAME	REPRESENTING	BEFORE AGM:		INDEPENDENT OF THE: LARGEST SHAREHOLDER (IN TERMS OF VOTES)	
		2011	2012	COMPANY	
Mats Guldbrand	L E Lundbergföretagen*	x (Chairman)	x (Chairman)	Yes	No
Fredrik Lundberg	L E Lundbergföretagen* (Chairman of the Board)	x	x	Yes	No
Johan Kempff	Kempe Foundations*		x	Yes	Yes
Ramsay Brufer	Alecta	x	x	Yes	Yes
Håkan Sandberg	Handelsbanken incl. pension fund*	x		Yes	Yes

\* At 31 August 2011, L E Lundbergföretagen controlled 61.1 per cent of the votes, the Kempe Foundations controlled 16.9 per cent and Alecta controlled 1.0 per cent.

control the most votes at 31 August each year. The composition of the nomination committee for the 2011 and 2012 AGMs is shown in the table.

The nomination committee's mandate is to submit proposals for election of Board members and the Board chairman, for the Board fee and auditing fees and, where applicable, for election of auditors. The committee's proposals are presented in the notice convening the AGM.

Ahead of the 2012 AGM, Holmen's nomination committee proposes the re-election of the current board members: Fredrik Lundberg (who is also proposed for re-election as Chairman of the Board), Carl Bennet, Magnus Hall, Lars G Josefsson, Carl Kempe, Hans Larsson, Louise Lindh, Ulf Lundahl and Göran Lundin.

The proposed Board fee is SEK 2 700 000 (previous year 2 700 000), including SEK 600 000 (600 000) for the chairman and SEK 300 000 (300 000) for each of the other members. The CEO does not receive a Board fee.

### Composition of the Board

The members of the Board are elected each year by the AGM for the period until the end of the next AGM. According to the company's articles of association, the Board shall have 7–11 members, and they are to be elected at the AGM. The company's articles of association contain no other rules regarding the appointment or dismissal of Board members or regarding amendments to the articles. There is no rule regarding the maxi-

mum period a Board member may serve.

The 2011 AGM re-elected Fredrik Lundberg, Carl Bennet, Magnus Hall, Carl Kempe, Hans Larsson, Louise Lindh, Ulf Lundahl and Göran Lundin to the Board. Lars G Josefsson was elected to the Board to replace Curt Källströmer, who declined re-election. Fredrik Lundberg was elected chairman. At the statutory first meeting of the new Board in 2011, Carl Kempe was elected deputy chairman and Lars Ericson, the company's general counsel, was appointed secretary of the Board. Over and above the nine members elected by the AGM, the local labour organisations have a statutory right to appoint three members and three deputy members.

Eight AGM-elected members are deemed independent of the company as defined by the Code. Of these, three are also deemed independent of the company's major shareholders. The largest shareholders, each controlling more than 10 per cent of the votes, are L E Lundbergföretagen and the Kempe Foundations. The CEO is the only Board member with an operational position in the company.

Information about the members of the Board is provided on pages 48–49.

### The Board's activities

The activities of the Board follow a plan that, among other things, is to ensure that the Board obtains all requisite information. Each year the Board decides on written working procedures and issues written instructions relating to the division of responsibilities between the Board and the

CEO and the information that the Board is to receive continually on financial developments and other key events. Employees of the company participate in Board meetings to submit reports. The secretary of the Board is the company's general counsel.

The Board held nine meetings in 2011, four of which were in connection with the company's publication of its quarterly reports. At one meeting, wind power generation was studied and a visit was paid to facilities for the production of wind turbines. A two-day meeting was devoted to strategic business planning. One meeting dealt with the Group's budget for 2012. The other two meetings were held in connection with the company's AGM. The Board also paid special attention to strategic, financial and accounting issues, follow-up of business operations and major investment matters. On two occasions the company's auditors reported directly to the Board, presenting their observations from their audit of the accounts and the internal controls. Attendance levels at the Board meetings were very high.

The Board evaluates its activities each year, and the nomination committee has been informed of the content of the 2011 evaluation. This will serve as a basis for planning the Board's work in the next few years.

### Group management

The Board has delegated operational responsibility for management of the company and the Group to the CEO. The Board annually decides on instructions covering the distribution of tasks between the Board and the CEO.

Holmen's Group management consists of 11 individuals: the CEO, the heads of the five business areas and the heads of the five Group staffs.

Group management met on 12 occasions in 2011, dealing with matters such as earnings trends and reports before and after Board meetings, business plans, budget, investments, internal control, policies and reviews of market conditions, general development of the economy and other external factors affecting the business. Projects relating to business areas and Group staffs were also discussed and decided on.

Information on the CEO and other members of Group management is provided on page 53.

### Internal management processes



## Internal management processes

Management at Holmen is based on the business concept, strategies and goals of the Group and the business areas. Under the Board, CEO and Group management, responsibility for operational activities has been decentralised to five business areas. The Group staffs are in charge of coordinating certain matters, such as business administration and finance, human resources, legal affairs, technology and public relations.

The Group uses annual, rolling, three-year business plans to break down goals and strategies into action plans and activities that can be measured and evaluated. These business plans are important to the long-term strategic control of the Group. Annual budgets, forecasts and action plans are used for day-to-day management of operations.

Various business processes, such as sales, purchasing and production, are used to manage operational activities at business area level with a view to achieving the business targets and implementing the agreed action plans.

The results are followed up through regular financial reports, and approved measures are reviewed through additional follow-ups.

## Remuneration

The Board has appointed a remuneration committee consisting of Fredrik Lundberg and Hans Larsson. The committee held several meetings during the year at which it prepared matters pertaining to the remuneration and other employment conditions of the CEO and proposals for decisions. Remuneration and other employment conditions for senior management who report directly to the CEO are decided by the latter in accordance with a pay policy established by the remuneration committee.

The Group applies the principle that each manager's manager must approve decisions on remuneration in consultation with the relevant personnel manager.

At the 2011 AGM, an account was given of the Board's proposed guidelines on remuneration to the CEO and other members of senior management. The AGM adopted the guidelines in the proposal. The Board is proposing unchanged guidelines to the 2012 AGM; they are presented in Note 4 on page 70.

The 2011 AGM approved the Board fee and payment of the auditors' fee as invoiced.

In 2008, the Group's employees were invited to acquire call options on class B shares in Holmen at market price. One third of all employees bought a total of 758 300 call options. Holmen's commitments pursuant to this scheme were secured by buying back some of the company's own shares. See page 51 for more details. The 2011 AGM renewed the Board's authorisation to decide on buying back up to 10 per cent of the company's total shares. No buy-backs took place in 2011.

Information about remuneration is provided in Note 4 on pages 70–71.

## Audit

KPMG, which has been Holmen's auditor since 1995, was elected by the 2008 AGM as auditor for a period of four years. KPMG has since appointed George Pettersson, authorised public accountant, as the principal auditor for Holmen. KPMG audits Holmen AB and almost all of its subsidiaries. The examination of internal procedures and control systems begins in the second quarter and is thereafter ongoing to year-end. The interim report for January–September is subject to review by the auditors. The examination and audit of the final annual accounts and the annual report take place in January–February.

Holmen allows the Board to perform duties that would otherwise be performed by an audit committee. The Board's reporting instructions include requirements that the members of the Board shall receive a report each year from the auditors on whether the company's organisation is structured to enable satisfactory supervision of accounting, management of funds and other aspects of the company's financial circumstances. In 2011 the auditors reported to the entire Board at two meetings. Over and above this, the auditors reported to the Board chairman and the CEO on two occasions and to the CEO at one further meeting.

In addition to the audit assignment, Holmen has consulted KPMG on matters pertaining to taxation, accounting and investigations, and in some countries also on matters of business law. The remuneration paid to KPMG for 2011 is stated in Note 5 on page 71. KPMG is required to assess its independence before making decisions on whether to provide Holmen with independent advice alongside its audit assignment.

## Internal control

The Board's responsibility for internal control is laid out in the Swedish Companies Act, and internal control related to financial reporting is covered by the Board's reporting instructions to the CEO. Holmen's financial reporting complies with the laws and rules that apply to companies listed on the Stockholm Stock Exchange and the local rules in each country where the company operates. In addition to external rules and recommendations, financial reporting is also covered by internal instructions, directions and systems, as well as internal distribution of roles and responsibilities with the object of ensuring sound internal control over financial reporting. Financial reports are prepared quarterly and monthly in the Group and its business areas, units and subsidiaries. Forecasts and extensive analyses, along with comments, are provided in connection with the reports to help ensure the accuracy of the financial

reports. Financial functions and controllers with functional responsibility for accounting, reporting and analysis of financial developments operate at Group level, at business area level and at major unit level.

The audit includes the annual statutory audit of Holmen AB's annual report, the statutory audit of the parent company and all subsidiaries (where so required), the audit of internal reporting packages, an audit of the final accounts and a review of one interim report. Reviews of the internal control system are used in this work.

Holmen's internal control activities aim to ensure that the Group lives up to its objectives for financial reporting (see box). These activities are based on a common set of instructions and common checklists for key procedures and processes for the Group's financial reporting. The structure adheres to guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for small listed companies in respect of internal control over financial reporting. COSO's guidelines contain 20 principles in five areas: control environment, risk assessment, control activities, information and communication, and follow-up. They have been modified to suit the estimated needs of Holmen's various operations. Holmen's greatest risks regarding financial reporting are linked to the valuation of biological assets and property, plant and equipment as well as to financial transactions.

Holmen has no separate internal auditing function. The Board does not believe that specific circumstances in the business or other conditions exist to justify having such a function. Group Finance, along with business areas, mills and other Group units, have a responsibility to ensure that internal controls for financial reporting are observed. One important aspect of the work of internal controls consists of the self-assessments that are conducted annually in all units and that are then quality-assured by Group Finance.

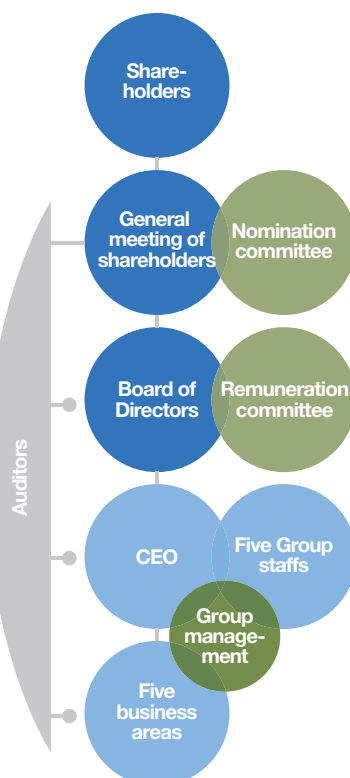
## Investor relations

Holmen's information to shareholders and other stakeholders is provided in the annual report, the year-end and interim reports, press releases and presentations broadcast online in connection with the quarterly reports. All material is available on the company's website. The website also contains presentation material for recent years and information on corporate governance. The provision of information by the company complies with an information policy established by the Board. During the year, NASDAQ OMX Stockholm's Disciplinary Committee issued Holmen with a warning on the basis that the company's interim report for the first quarter of 2011 was posted by mistake on Holmen's website before it had been published.



9 times

Nine Board meetings were held during the past financial year. At one of them, wind power generation was studied and a visit was paid to facilities for the production of wind turbines.



## Goals

### HOLMEN'S FINANCIAL REPORTING

Holmen's external financial reporting shall:

- be correct and complete, and comply with applicable laws, regulations and recommendations
- provide a true and fair description of the company's business
- support a reasoned and informed valuation of the business.

Internal financial reporting shall, over and above these three goals, support correct business decisions at all levels in the Group.

28 899  
shareholders

### Board members as from the 2011 AGM

NAME	FUNCTION	ELECTED	COMMITTEES	INDEPENDENT OF THE:		ATTENDANCE AT BOARD MEETINGS
				COMPANY	MAJOR SHAREHOLDERS	
<i>BOARD MEMBERS</i>						
Fredrik Lundberg	Chairman	1988	Remuneration committee	Yes	No	9/9
Carl Kempe	Dep. Chairman	1983		Yes	No	9/9
Carl Bennet	Member	2009		Yes	No	9/9
Lars G Josefsson	Member	2011		Yes	Yes	9/9
Hans Larsson	Member	1990	Remuneration committee	Yes	Yes	8/9
Louise Lindh	Member	2010		Yes	No	8/9
Ulf Lundahl	Member	2004		Yes	No	9/9
Göran Lundin	Member	2001		Yes	Yes	9/9
Magnus Hall	Member, president and CEO	2004		No	Yes	9/9
<b>Total</b>				<b>8/9</b>	<b>4/9</b>	
<i>REPRESENTATIVES OF THE EMPLOYEES</i>						
Steewe Björklundh	Member	1998				
Kenneth Johansson	Member	2004				
Karin Norin	Member	1999				
Martin Nyman	Dep. member	2010				
Daniel Stridsman	Dep. member	2010				
Tommy Åsenbrygg	Dep. member	2009				

# Board of Directors



**Fredrik Lundberg**



**Carl Kempe**



**Carl Bennet**



**Steewe Björklundh**



**Magnus Hall**



**Kenneth Johansson**



**Lars G Josefsson**



**Hans Larsson**

**Fredrik Lundberg** Chairman. Djursholm. Born in 1951. Member since 1988. Master of Engineering and B.Sc. (Econ.). D. Econ h.c. and D. Eng. h.c. President and CEO of L E Lundbergföretagen AB. Other significant appointments: Chairman of the Board of Hufvudstaden AB. Deputy chairman of Svenska Handelsbanken AB. Board member: L E Lundbergföretagen AB, AB Industrivärden, Skanska AB and Sandvik AB. Shareholding: 734 424 shares. Shareholding of L E Lundbergföretagen: 26 122 000 shares.

**Carl Kempe** Deputy chairman. Örnsköldsvik. Born in 1939. Member since 1983. Licentiate in Engineering. Dr. h.c. mult. Other significant appointments: Chairman of the Boards of the Kempe Foundations, MoRe Research AB, UPSC Berzelii Centre for Forest Biotechnology, Elforest AB and the Swedish IASACommittee. Own and related parties' shareholding: 386 000 shares.

**Carl Bennet** Gothenburg. Born in 1951. Member since 2009. B.Sc. (Economics). D. Tech. h.c. Former President and CEO of Getinge AB. Chairman of the Boards of Getinge AB, Elanders AB and Lifco AB. Other significant appointments: Chairman of the Board of University of Gothenburg. Board member: L E Lundbergföretagen AB. Shareholding: 100 000 shares.

**Steewe Björklundh** Hudiksvall. Born in 1958. Member since 1998. Representative of the employees, LO. Chairman of the GS Union at Iggesund Sawmill. Shareholding: 200 call options.

**Magnus Hall** Stockholm. Born in 1959. Member since 2004. M.Sc. (Industrial Engineering and Management). President and CEO. Other significant appointments: Chairman of the Swedish Forest Industries Federation, BasEl i Sverige AB and Industrikraft i Sverige AB. Member of the Linköping University board of directors. Own and related parties' shareholding: 15 698 shares, 14 450 call options.

**Kenneth Johansson** Söderköping. Born in 1958. Member since 2004. Representative of the employees, LO. Section chairman of Paperbranch 53, Holmen Paper Braviken. Own and related parties' shareholding: 1 000 call options.

**Lars G Josefsson** Stockholm. Born in 1950. Member since 2011. M.Sc. in Engineering. Former President and CEO of Vattenfall. Other significant appointments: Chairman of Burntisland Fabrication Ltd, Green Circle Bio Energy Inc and the German-Swedish Chamber of Commerce. Board member of Robert Bosch GmbH and Robert Bosch Industrietreuhand KG. Member of the Advisory Board in Brookfield Asset Management and the Swedish Academy of Engineering Sciences. Shareholding: 5 000 shares.

**Hans Larsson** Stockholm. Born in 1942. Member since 1990. B.A. Other significant appointments: Chairman of the Boards of Svenska Handelsbanken AB, Attendo AB and Valeo Partners Fund 1 and 2 AB. Member of the board of AB Industrivärden. Shareholding: 1 000 shares.



**Louise Lindh**



**Ulf Lundahl**



**Göran Lundin**



**Karin Norin**

### Deputy members



**Martin Nyman**



**Daniel Stridsman**



**Tommy Åsenbrygg**

**Louise Lindh** Stockholm. Born in 1979. Member since 2010. MBA. Executive vice president Fastighets AB L E Lundberg.  
Other significant appointments: Board member of Hufvudstaden AB and L E Lundbergföretagen.  
Shareholding: 100 000 shares.

**Ulf Lundahl** Lidingö. Born in 1952. Member since 2004. B.A. in Legal Science and B.Sc. (Econ). Executive vice president and deputy CEO of L E Lundbergföretagen AB.  
Other significant appointments: Chairman of the Board of Fidelio Capital. Deputy chairman of Brandkontoret. Board member: Indutrade AB, Husqvarna AB and SHB Regional Bank Stockholm.  
Shareholding: 4 000 shares.

**Göran Lundin** Norrköping. Born in 1940. Member since 2001. Engineer.  
Other significant appointments: Chairman of the Board: Norrköpings Tidningar AB. Board member: Fastighets AB L E Lundberg.  
Shareholding: 1 000 shares.

**Karin Norin** Forsa. Born in 1950. Member since 2009. Representative of the employees, PTK. Chairman of Unionen Holmen-Iggesund. Deputy chairman of Unionen's delegation "Industry 1".  
Own and related parties' shareholding: 400 call options.

**Martin Nyman** Iggesund. Born in 1978. Deputy member since 2010. Representative of the employees, LO. Chairman of Paperbranch 15, Iggesund.  
Shareholding: 0 shares.

**Daniel Stridsman** Norrköping. Born in 1979. Deputy member since 2010. Certified forester. District manager Holmen Skog, Region Norrköping. Representative of the employees, PTK. Chairman of Akademikerföreningen Holmen Skog. Deputy chairman of Skogsakademikerna.  
Own and related parties' shareholding: 400 call options.

**Tommy Åsenbrygg** Hallstavik. Born in 1968. Deputy member since 2009. Representative of the employees, PTK. Deputy chairman in Ledarna, Hallstavik.  
Shareholding: 100 shares.

### Auditors

KPMG AB  
Principal auditor:  
**George Pettersson**  
Authorised public accountant

"Shareholding" refers to shares in Holmen AB.

# The share and shareholders



Holmen's two classes of shares are listed in the Large Cap segment on the Nasdaq OMX Nordic Exchange. During 2011, the price of Holmen's class B shares declined by SEK 23.7 or 10.7 per cent. Earnings per share equalled SEK 47.1 and a dividend of SEK 8 is proposed.

## Stock exchange trading

Holmen was listed on the Stockholm Stock Exchange in 1936, but was called Mo och Domsjö AB at that time. Holmen's two series of shares are listed on Nasdaq OMX Nordic, Large Cap. During the year, the price of Holmen's class B shares fell by SEK 23.7 (10.7 per cent), to SEK 197.7. During the same period the Stockholm Stock Exchange fell by 16.7 per cent. Holmen's market capitalisation of SEK 16.6 billion (18.5) represents some 0.4 per cent of the Stockholm Stock Exchange total value. Holmen's class B shares reached their highest closing price for the year, SEK 251.1, on 27 January and the lowest closing price, SEK 155.6, was recorded on 8 and 10 August. The daily average number of class B shares traded was 340 000, which corresponds to a value of SEK 67.7 million. The daily average number of class A shares traded was 11 000.

Some 80 per cent of the trade took place on Nasdaq OMX Nordic. The Holmen share has also been traded on other trading platforms, such as BATS Europe, Burgundy, Chi-X and Turquoise.

## Return

During the past decade, the Holmen share has

yielded a total return, including reinvested dividends, of around 4 per cent per year. During that same period, the Affärsvärlden General Index also returned some 6 per cent per year.

## Earnings per share (EPS)

Diluted earnings per share equalled SEK 47.1 (8.4) of which SEK 31.5 comes from revaluation of forest. Holmen's diluted earnings per share have averaged SEK 18.6 over the past five years.

## Dividends

Decisions on dividends are to be based on an appraisal of the Group's profitability, future investment plans and financial position. The Board proposes that the AGM, to be held on 29 March 2012, approves a dividend of SEK 8 (7) per share. The proposed dividend corresponds to 3.4 per cent of equity. Over the past 10 years the ordinary dividend has averaged 5 per cent of equity. This means that 65 per cent of earnings per share have been paid out in ordinary dividends each year.

- The final date for trading in Holmen shares including right to dividend: 29 March 2012.
- Record date for dividend: 3 April 2012.
- Payment date for dividend: 10 April 2012.

## Share structure

Holmen has 83 996 162 shares outstanding, of which 22 623 234 are class A shares and 61 372 928 are class B shares. The company also has 760 000 bought-back class B shares held in treasury. Each class A share carries 10 votes, and each B share one vote. In other respects, the shares carry the same rights. Neither laws nor the company's articles of association place any restrictions on the transferability of the shares.

## Ownership structure

Holmen had a total of 28 899 shareholders at year-end 2011. In absolute numbers, Swedish private individuals made up the largest category of owners: 25 719 shareholders. This corresponds to 89 per cent of the total number of shareholders. Shareholders registered in Sweden own 80 per cent (77) of the share capital. Among foreign shareholders, the largest proportion of shares are held in the US and the UK, accounting for 8 per cent and 3 per cent of the capital, respectively.

The largest owner at year-end 2011/2012, with 61.1 per cent of the votes and 31.1 per cent of the capital, was L E Lundbergföretagen AB, which means that a Group relation-

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<i>DATA PER SHARE</i>										
Diluted earnings per share, SEK <sup>1)</sup>	47.1	8.4	12.0	7.6	17.8	17.2	14.8	15.1	17.5	23.6
Dividend, ordinary, SEK	8 <sup>5)</sup>	7	7	9	12	12	12	12	11	10
Dividend, extra, SEK	-	-	-	-	-	-	-	-	30	-
Ordinary dividend as % of:										
Equity	3	3	4	5	6	6	6	6	5	6
Closing listed price	4	3	4	5	5	4	4	4	4	5
Profit for the year	17	83	58	118	67	70	74	66	55	45
Return, equity, % <sup>1)</sup>	23	4	6	4	9	9	8	8	10	14
Return, capital employed, % <sup>6)</sup>	9	6	7	6	10	10	9	10	12	16
Equity per share, SEK	235	201	196	186	200	196	189	184	192	188
Closing listed price, B, SEK	197.7	221.4	183	193.5	240	298	262.5	230	255.5	211.5
Average listed price, B, SEK	200.5	195	180	203	277	302	227	228	230	231
Highest listed price, B, SEK	251.1	226.3	205.5	242	316	335.5	266	264	271	266.5
Lowest listed price, B, SEK	155.6	172.5	135	169.5	228	255	190	210	187.5	192
Total closing market capitalisation, SEK '000 million	16.6	18.5	15.4	16.2	20.6	25.3	22.6	19.5	20.4	16.9
P/E-ratio <sup>2)</sup>	4	26	15	25	13	17	18	15	14	9
EV/EBIT <sup>3)</sup>	12	15	13	17	12	14	15	12	10	8
Closing beta value (48 months), B <sup>4)</sup>	0.8	0.8	0.7	0.5	0.9	1.0	0.7	0.6	0.7	0.6
Number of shareholders at year-end	28 899	28 339	30 425	29 745	30 499	32 189	33 320	36 899	30 902	28 544

1) See page 96: Definitions and glossary. 2) Closing listed price divided by earnings per share. 3) Market capitalisation plus net financial debt at year-end (EV) divided by operating profit (EBIT). 4) Measures the sensitivity of the yield on the B share in relation to the yield on the Affärsvärlden General Index over a period of 48 months. 5) Proposal of the Board. 6) Excl. items affecting comparability.

ship exists between L E Lundbergföretagen AB (corporate ID number 556056-8817), whose registered office is in Stockholm, and Holmen. The Kempe Foundations' holdings of Holmen shares amounted to 16.9 per cent of the votes and 7.0 per cent of the capital at the same point in time. No other individual shareholder controlled as much as 10 per cent of the votes.

The employees have no holdings of Holmen shares via a pension fund or similar system. There is no restriction on how many votes each shareholder may cast at the AGM.

### Share buy-backs

The company has no specific target for share buy-backs. A mandate to buy back up to 10 per cent of all the company's shares has applied in recent years. Any buy-backs are regarded as a complement to dividend payments to adjust the capital structure when circumstances have been deemed favourable. The 2011 Annual General Meeting renewed the Board's mandate to decide on acquisition of up to 10 per cent of the company's shares through acquisition of class B shares. Shares corresponding to 0.9 per cent of the total number of shares were bought back in 2008 to secure the company's commitments

under the terms of the incentive scheme (see below). The Board proposes that the 2012 AGM also authorises the Board to buy back and transfer up to 10 per cent of all shares in the company through acquisition of class B shares.

### Incentive scheme

In 2008, the Group's employees were invited to acquire call options on class B shares in Holmen at market price. A third of the employees bought a total of 758 300 call options at a price of SEK 20 per option; their exercise price is SEK 224.50 per share. Each option entitles the holder to purchase one share during the exercise period in May/June 2013. Holmen has secured its commitments in the scheme by buying back shares.

### Shareholder communication

Holmen regularly provides information to the stock market via press conferences in connection with the publication of quarterly reports and on the occasion of the AGM. It also delivers information that is important to the stock market by publishing press releases. Holmen's website [www.holmen.com](http://www.holmen.com) offers financial information in the form of reports, presentations and compiled financial data.

The website also has a recording of the latest press conference, together with information on the company's shares, owners, insider trading and more.

### Analysts

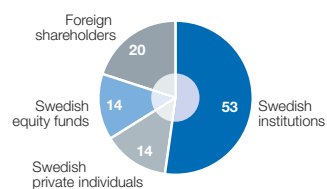
Analysts at 15 brokerage firms and banks monitor Holmen's development. This means that they publish analyses of Holmen on an ongoing basis. A list of these analysts is available on Holmen's website.



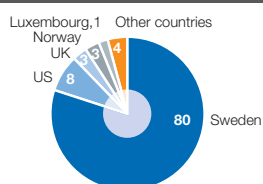
### Ownership structure

NO. OF SHARES	SHARE-HOLDERS	PERCENTAGE OF SHARES
1 – 1 000	26 661	6
1 001 – 100 000	2 160	16
100 001 –	78	78
<b>Total</b>	<b>28 899</b>	<b>100</b>

### Shareholder categories, percentage of capital



### Shareholders per country, percentage of capital



### Share structure

SHARE	VOTES	NO. OF SHARES	NO. OF VOTES	QUOTIENT VALUE	SEKm
A	10	22 623 234	226 232 340	50	1 131.2
B	1	62 132 928	62 132 928	50	3 106.6
Total number of shares		84 756 162	288 365 268		4 237.8
Holding of own B shares bought back		-760 000	-760 000		
<b>Total number of shares outstanding</b>		<b>83 996 162</b>	<b>287 605 268</b>		
<b>Issued call options B shares</b>		<b>758 300</b>			

### Changes in share capital 2000–2011

	CHANGE IN NO. OF SHARES	TOTAL NO. OF SHARES	CHANGE IN SHARE CAPITAL, SEKm	TOTAL SHARE CAPITAL, SEKm
2001 Withdrawal of shares bought back	-8 885 827	79 972 451	-444.3	3 998.6
2004 Conversion and subscription	4 783 711	84 756 162	239.2	4 237.8

### Shareholder structure at 31 December 2011

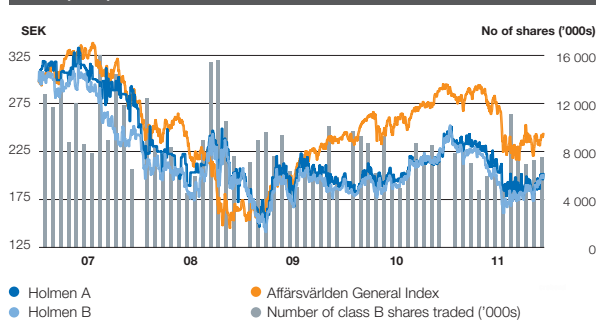
	% OF CAPITAL	% OF VOTES
L E Lundbergföretagen	31.1	61.1
Kempe Foundations	7.0	16.9
Lannebo funds	3.6	1.1
Alecta	3.6	1.0
Carnegie funds (Sweden)	3.1	0.9
AMF	2.3	0.7
SEB funds	2.2	0.6
The Norwegian Government	2.0	0.6
DFA funds (USA)	1.8	0.5
Saudi Arabian Monetary Agency	1.4	0.4
<b>Total</b>	<b>58.0</b>	<b>83.8</b>
Other	42.0	16.2
<b>Total*</b>	<b>100.0</b>	<b>100.0</b>

\* of which non-Swedish shareholders

20.0 6.0

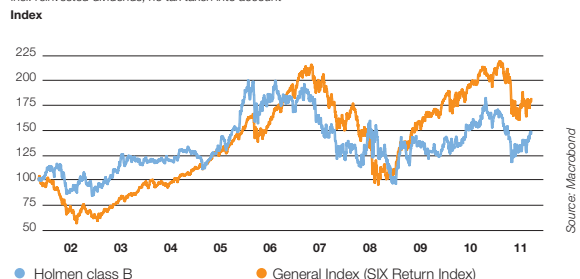
The 10 identified shareholders with the largest holdings in terms of capital ranked by the number of votes they control. Some large shareholders may have their holdings registered under nominee names, in which case they are included among "Other".

### Share price performance for Holmen class A and B and General Index



### Total return of Holmen class B and General Index

Incl. reinvested dividends, no tax taken into account



Source: Macrobond

# Group management



Lars Ericson, Sören Petersson, Magnus Hall and Ingela Carlsson.

**Lars Ericson** Head of Group Legal Affairs. Company Board secretary. Born in 1959. Joined Holmen in 1988. Shareholding: 4 000 call options.

**Sören Petersson** Head of Holmen Skog. Born in 1969. Joined Holmen in 1994. Shareholding: 2 300 shares, 2000 call options.

**Magnus Hall** President and CEO. Born in 1959. Joined Holmen in 1985. Own and related parties' shareholding: 12 698 shares, 14 450 call options. Magnus Hall has no significant shareholdings and no ownership in companies with whom the Group has important business relations. For further information about the CEO, see page 48.

**Ingela Carlsson** Head of Group Public Relations. Born in 1962. Joined Holmen in 2008. Shareholding: 4 000 call options.



Arne Wallin and Sven Wird.

**Arne Wallin** Head of Holmen Energi. Born in 1954. Joined Holmen in 1988. Shareholding: 4000 call options.

**Sven Wird** Head of Group Technology. Born in 1951. Joined Holmen in 1995. Shareholding: 50 shares, 4 000 call options.



Henrik Sjölund and Thommy Haglund.

**Henrik Sjölund** Head of Holmen Paper. Born in 1966. Joined Holmen in 1993. Shareholding in Holmen: 500 call options.

**Thommy Haglund** Head of Group Human Resources. Born in 1950. Joined Holmen in 2001. Shareholding: 500 shares, 4 000 call options.

*Ingegerd Engquist will take up the position of head of Group Human Resources on 1 April 2012.*



Björn Kvick, Håkan Lindh and Anders Jernhall.

**Björn Kvick** Head of Iggesund Paperboard. Born in 1950. Joined Holmen in 1983. Shareholding: 4 000 call options.

**Håkan Lindh** Head of Holmen Timber. Born in 1964. Joined Holmen in 1994. Shareholding: 2 000 call options.

**Anders Jernhall** CFO, head of Group Finance. Born in 1970. Joined Holmen in 1997. Shareholding: 1 000 shares, 2 000 call options.