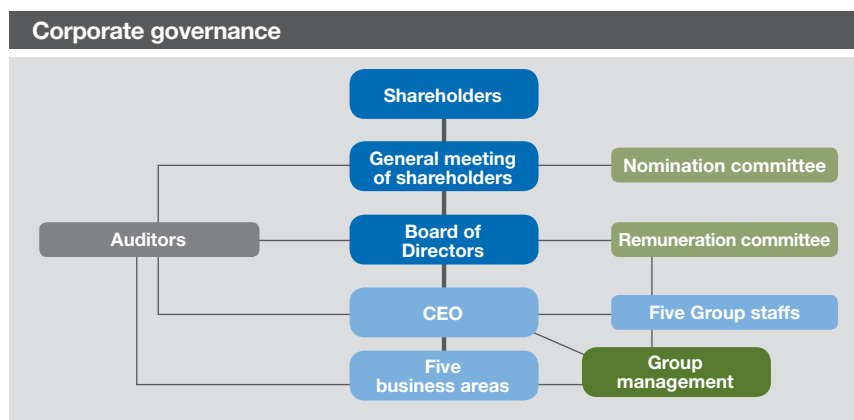


Corporate governance report



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.

Shareholders

At year-end, Holmen AB had 28 440 shareholders. In absolute numbers, Swedish private individuals made up the largest category of owners: 26 019 shareholders. This corresponds to 91 per cent of the total number of shareholders. The largest owner at year-end 2012, with 61.6 per cent of the votes and 32.9 per cent of the capital, was L E Lundbergföretagen AB. 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.

Key regulations

External rules

- Swedish Companies Act
- Swedish Code of Corporate Governance (the Code)
- Stock exchange rules (Nasdaq OMX)

Internal rules

- Articles of association
- The Board of Directors' procedural rules
- Internal policies and guidelines, report manuals, etc.

Annual General Meeting 2012

The 2012 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 all AGM-elected board members, 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 Board's view of a reasonable level of return, the company's attitude towards playing a role in any economic structural change and issues relating to raw material procurement for the biofuel facility that will be constructed at the company's paperboard mill at Workington. The AGM adopted the income statement and balance sheet, decided on the appropriation of profits and granted the departing Board discharge from liability. Carl-Fredrik Lorenus of Swedbank Robur Funds and Mikael Sedolin of the Third Swedish National Pension Fund 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 2013 meeting.

See pages 51-53 for more information on the shares 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 changes to the company's articles of association shall be sent no earlier than six and no later than four weeks before the meeting. Notices convening other EGMs shall be sent no earlier than six and no later than three 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

Composition of the nomination committee

NAME	REPRESENTING	BEFORE AGM:		INDEPENDENT OF THE:	
		2012	2013	COMPANY	LARGEST SHARE-HOLDER (IN TERMS OF VOTES)
Mats Guldbrand	L E Lundbergföretagen*	x (chairm.)	x (chairm.)	Yes	No
Fredrik Lundberg	Chairman of the Board	x	x	Yes	No
Alice Kempe	Kempe Foundations*		x	Yes	Yes
Hans Hedström	Carnegie Fonder*		x	Yes	Yes
Johan Kempff	Kempe Foundations*	x		Yes	Yes
Ramsay Brufer	Alecta	x		Yes	Yes

* At 31 August 2012, L E Lundbergföretagen controlled 61.1 per cent of the votes, the Kempe Foundations controlled 16.9 per cent and Carnegie Fonder (Sweden) controlled 1.1 per cent.

meeting is provided on the website. It was announced on 2 April 2012 that the 2013 AGM would take place in Stockholm on 10 April 2013.

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 control the most votes at 31 August each year. The composition of the nomination committee for the 2012 and 2013 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.

Holmen's nomination committee proposes that the Board consist of eight (currently

Board meetings in 2012

The Board held nine meetings in 2012, four of which were in connection with the company's publication of its quarterly reports. A two-day meeting was devoted to strategic business planning. The meeting was held in conjunction with the opening of the new recovery boiler at Iggesund Mill. On the occasion of another two-day meeting, the Board visited customers in Germany. One meeting dealt with the Group's budget for 2013. 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. All AGM-elected board members attended all the meetings.

nine) members elected by the Annual General Meeting. Ahead of the 2013 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, Carl Kempe, Lars G Josefsson, Louise Lindh, Ulf Lundahl and Göran Lundin. Current board member Hans Larsson has declined re-election.

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 maximum period a Board member may serve.

The 2012 AGM re-elected Fredrik Lundberg, Carl Bennet, Magnus Hall, Carl Kempe, Lars G Josefsson, Hans Larsson, Louise Lindh, Ulf Lundahl and Göran Lundin to the Board. Fredrik Lundberg was elected chairman. At the statutory first meeting of the new Board in 2012, 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 inde-

Board members as from the 2012 AGM

BOARD MEMBERS	FUNCTION	ELECTED	ATTENDANCE	FEE	INDEPENDENT OF THE:	
					COMPANY	MAJOR SHAREHOLDERS
Fredrik Lundberg*	Chairman	1988	9 / 9	600 000 kr	Yes	No
Carl Kempe	Deputy chairman	1983	9 / 9	300 000 kr	Yes	No
Carl Bennet	Member	2009	9 / 9	300 000 kr	Yes	No
Lars G Josefsson	Member	2011	9 / 9	300 000 kr	Yes	Yes
Hans Larsson*	Member	1990	9 / 9	300 000 kr	Yes	Yes
Louise Lindh	Member	2010	9 / 9	300 000 kr	Yes	No
Ulf Lundahl	Member	2004	9 / 9	300 000 kr	Yes	No
Göran Lundin	Member	2001	9 / 9	300 000 kr	Yes	Yes
Magnus Hall	Member, president and CEO	2004	9 / 9	–	No	Yes
Total					8 / 9	4 / 9

* Representatives of the remuneration committee

REPRESENTATIVES OF THE EMPLOYEES	
Steewe Björklundh, member, elected 1998	Martin Nyman, deputy member, elected 2010
Kenneth Johansson, member, elected 2004	Daniel Stridsman, deputy member, elected 2010
Karin Norin, member, elected 1999	Tommy Åsenbrygg, deputy member, elected 2009

Internal management processes

Business concept, strategy and goals

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.

Business plan, budget, forecast and action plans

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.

Business processes

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.

Results, reporting, follow-up

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

pendent of the company's major shareholders. 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 Board evaluates its activities each year, and the nomination committee has been informed of the content of the 2012 evaluation. This will serve as a basis for planning the Board's work in the next few years.

Remuneration

The Board has appointed a remuneration committee consisting of Fredrik Lundberg and Hans Larsson. During the year, the committee prepared matters pertaining to the remuneration and other employment conditions of the CEO. 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 remuneration committee has evaluated the application of both this policy and the guidelines on the remuneration of senior management adopted by the Annual General Meeting.

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

At the 2012 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 2013 AGM; they are presented in Note 4 on page 70.

The 2012 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 call options, amounting to 758 000 in total. Holmen's commitments pursuant to this scheme were secured by buying back some of the company's own shares. See page 52 for more details. The 2012 AGM renewed the Board's authorisation to decide on buying back up to 10 per cent of the company's total shares through acquisition of class B shares. No buy-backs took place in 2012.

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 10 occasions in 2012, 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 mem-

bers of Group management is provided on page 50.

Audit

KPMG, which has been Holmen's auditor since 1995, was elected by the 2012 AGM as auditor for a period of one year. 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 2012 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 for various investigations. The remuneration paid to KPMG for 2012 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 of Directors does not believe that particular circumstances in the business or other conditions exist to justify an internal audit function. The internal control managed by the Group, together with the activities carried out by the external auditors, are deemed to be sufficient.

Holmen's internal control activities aim to ensure that the Group lives up to its objectives for financial reporting (see box) and minimise risks of fraud to which the Group may be subject. The structure adheres to guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in respect of internal control over financial reporting. This framework contains 17 principles divided into five areas: control environment, risk assessment, control activities, monitoring and evaluation, as well as information and communication. They have been modified to suit the estimated needs of Holmen's various operations. Group Finance ensures that internal control is maintained and carries out compliance checks.

The framework for internal control was revised in 2012. The self-assessments that are completed each year by all Group units have been developed. Training courses and workshops have been conducted and a clearer, more structured method of feedback and follow-up has been introduced.

CONTROL ENVIRONMENT. The basis for Holmen's framework for internal control is the control environment, which is defined through policies, procedures, manuals and instructions. The control environment is maintained by means of an organisational structure with clearly defined roles and areas of responsibility and individuals' awareness of their role in maintaining adequate internal control. The Board of Directors is ultimately responsible for internal control, in accordance with the Swedish Companies Act. Day-to-day responsibility for these matters is delegated 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 addi-

tion 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.

Goals	HOLMEN'S FINANCIAL REPORTING
Holmen's external financial reporting shall:	
<ul style="list-style-type: none"> • 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.	

RISK ASSESSMENT. Risk assessment activities are based on identifying and evaluating the risks that can result in the Group's financial reporting objectives not being met. Risk assessments are made where risks are identified and documented. The results of these risk-related activities are compiled and developed under the guidance of Group Finance.

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 (see the section on risk on pages 28-31).

CONTROL ACTIVITIES. To ensure that Holmen's financial reporting objectives are met, control requirements are incorporated into the processes that are deemed relevant to Holmen's business: sales, purchasing, investments, personnel, financial statements, payments and IT. These control activities aim to prevent, identify and rectify errors and discrepancies. Where risks are identified, control requirements are developed that must then be adhered to.

The self-assessments that are completed by all Group units set out what control requirements apply for each respective process. These need to state whether the respective control requirements have been met and what proof of verification exists. As Holmen's different units vary widely in nature, these self-assessments have been tailored to each unit's operations by breaking them down into different categories.

FOLLOW UP AND EVALUATION Follow-up and testing of control activities are performed continually to ensure that risks have been satisfactorily considered and addressed. The self-assessments contain integrated actions plans for those control requirements that are not met. The self-assessments are followed up on a continual basis and discrepancies are reported to Group Finance. Follow-ups are an important tool for understanding what deficiencies may exist in the Group, and how these can be minimised by putting in place new controls.

INFORMATION AND COMMUNICATION. The provision of financial information for Holmen's shareholders and stakeholders must be correct, comprehensive, transparent and consistent, and information must be provided on equal terms. The provision of information by Holmen complies with an information policy established by the Board. Events that are considered to have an impact on the share price are made public via press releases. Information to external 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.

Guidelines on financial reporting are communicated to staff via manuals, policies and codes published on the company's intranet. A whistle-blower function is available so that employees and other stakeholders can highlight any deficiencies in Holmen's financial reporting or possible areas of concern at the company.



Board of Directors



Fredrik Lundberg



Carl Kempe



Lars G Josefsson



Magnus Hall



Steewe Björklundh



Kenneth Johansson



Karin Norin



Ulf Lundahl

Fredrik Lundberg Chairman. Djursholm. Born in 1951. Member since 1988. Master of Engineering and B. Sc. (Economics). 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. Own and related parties' shareholding: 839 724 shares. Shareholding of L E Lundbergföretagen: 27 622 000 shares.

Magnus Hall Stockholm. Born in 1959. Member since 2004. M.Sc. (Industrial Engineering and Management). President and CEO. Other significant appointments: Chairman of the boards of Innventia AB, BasEl i Sverige AB and Industrikraft i Sverige AB. Deputy chairman of Swedish Forest Industries Federation and Industriarbetsgivarna. Member of the Linköping University board of directors and The Royal Swedish Academy of Engineering Sciences, IVA. Own and related parties' shareholding: 18 698 shares, 14 450 call options.

Carl Kempe Deputy chairman. Örensköldsvik. 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 Berzellii Centre for Forest Biotechnology, Elforest AB and the Swedish IASA Committee. Own and related parties' shareholding: 386 000 shares.

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

Karin Norin Forsa. Born in 1950. Member since 2009. Representative of the employees, PTK. Chairman of Unionen Holmen-Iggesund. Own and related parties' shareholding: 400 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 and Green Circle Bio Energy Inc. Board member of Robert Bosch GmbH, Robert Bosch Industrietreuhand KG and Brookfield Renewable Energy. Board member of Hand in Hand International and member of The Royal Swedish Academy of Engineering Sciences, IVA. Shareholding: 5 000 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.

Ulf Lundahl Lidingö. Born in 1952. Member since 2004. B.A. in Legal Science and B.Sc. (Economics). 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: Husqvarna AB, Indutrade AB and SHB Regionbank Stockholm. Shareholding: 4 000 shares.

"Shareholding" refers to shares in Holmen AB.



Tommy Åsenbrygg



Daniel Stridsman



Louise Lindh



Carl Bennet



Martin Nyman



Hans Larsson



Göran Lundin

Tommy Åsenbrygg Hallstavik. Born in 1968. Deputy member since 2009. Representative of the employees, PTK. Deputy chairman of Ledarna, Hallstavik.
Shareholding: 100 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 of L E Lundbergföretagen AB.
Shareholding: 100 000 shares.

Daniel Stridsman Norrköping. Born in 1979. Deputy member since 2010. Certified forester. District manager Holmen Skog, region Norrköping. Representative of the employees, PTK. Deputy member of Akademikerföreningen Holmen Skog. 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 the Swedish Paper Workers Union, branch 15, Iggesund.
Shareholding: 0 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 Valedo Partners Fund 1 and 2 AB. Member of the board of AB Industrivärden.
Shareholding: 1 000 shares.

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.

Göran Lundin Norrköping. Born in 1940. Member since 2001. Engineer. D. Tech. h.c.
Other significant appointments: Chairman of the board of Norrköpings Tidningar AB and Printed Electronics Arena at Linköping University. Board member of Fastighets AB L E Lundberg.
Shareholding: 1 000 shares

Auditors

KPMG AB
Principal auditor:
George Pettersson
Authorised public accountant

Group management



Magnus Hall

President and CEO.
Born in 1959. Joined Holmen in 1985.
Own and related parties' shareholding:
18 698 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.

Henrik Sjölund

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

Sören Petersson

Head of Holmen Skog.
Born in 1969. Joined Holmen in 1994.
Shareholding: 2 700 shares,
2 000 call options.

Ingegerd Engquist

Head of Group Human Resources.
Born in 1968. Joined Holmen in 2006.
Own and related parties' shareholding:
100 shares, 1 000 call options.

Sven Wird

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

Lars Ericson

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

Ingela Carlsson

Head of Group Communication.
Born in 1962. Joined Holmen in 2008.
Shareholding: 4 000 call options.

Arne Wallin

Head of Holmen Energi.
Born in 1954. Joined Holmen in 1988.
Shareholding: 4 000 call options.

Björn Kvick

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

Anders Jernhall

CFO, head of Group Finance.
Born in 1970. Joined Holmen in 1997.
Shareholding: 2 700 shares,
2 000 call options.

Håkan Lindh

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

Staffan Jonsson will take up the position of head of Group Technology on 1 May 2013.

The share and shareholders



During 2012, the price of Holmen's class B shares fell by SEK 5.3 or 2.7 per cent. Earnings per share equalled SEK 22.1 and a dividend of SEK 9 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 5.3 (2.7 per cent), to SEK 192.4. During the same period the Stockholm Stock Exchange rose by 12 per cent. Holmen's market capitalisation of SEK 16.2 billion (16.6) 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 204.0, on 20 and 23 January and the lowest closing price, SEK 169.1, was recorded on 28 August. The daily average number of class B shares traded was 347000, which corresponds to a value of SEK 64.8 million. The daily average number of class A shares traded was 344.

Some 70 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 5 per cent per year. During that same period, the Affärsvärlden General Index returned some 13 per cent per year.

Earnings per share (EPS)

Diluted earnings per share equalled SEK 22.1 (47.1 of which SEK 31.5 comes from revaluation of forest). Holmen's diluted earnings per share have averaged SEK 19.4 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 10 April 2013, approves a dividend of SEK 9 (8) per share. The proposed dividend corresponds to 3.6 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: 10 April 2013.
- Record date for dividend: 15 April 2013.
- Payment date for dividend: 18 April 2013.

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
DATA PER SHARE										
Diluted earnings per share, SEK ¹⁾	22.1	47.1	8.4	12.0	7.6	17.8	17.2	14.8	15.1	17.5
Dividend, ordinary, SEK	9 ⁵⁾	8	7	7	9	12	12	11	10	10
Dividend, extra, SEK	-	-	-	-	-	-	-	-	-	30
Ordinary dividend as % of:										
Equity	4	3	3	4	5	6	6	6	5	5
Closing listed price	5	4	3	4	5	5	4	4	4	4
Profit for the year	41	17	83	58	118	67	70	74	66	55
Return, equity, % ¹⁾	9	23	4	6	4	9	9	8	8	10
Return, capital employed, % ⁶⁾	7	9	6	7	6	10	10	9	10	12
Equity per share, SEK	248	235	201	196	186	200	196	189	184	192
Closing listed price, B, SEK	192.4	197.7	221.4	183	193.5	240	298	262.5	230	255.5
Average listed price, B, SEK	186	201	195	180	203	277	302	227	228	230
Highest listed price, B, SEK	204	251	226	206	242	316	336	266	264	271
Lowest listed price, B, SEK	169	156	173	135	170	228	255	190	210	188
Total closing market capitalisation, SEK '000 million	16.2	16.6	18.5	15.4	16.2	20.6	25.3	22.6	19.5	20.4
P/E-ratio ²⁾	9	4	26	15	25	13	17	18	15	14
EV/EBITDA ³⁾ 6)	9	7	10	7	9	8	9	10	8	7
Closing beta value (48 months), B ⁴⁾	0.9	0.8	0.8	0.7	0.5	0.9	1.0	0.7	0.6	0.7
Number of shareholders at year-end	28 440	28 899	28 339	30 425	29 745	30 499	32 189	33 320	36 899	30 902

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 EBITDA.

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.

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 28 440 shareholders at year-end 2012. In absolute numbers, Swedish private individuals made up the largest category of owners: 26 019 shareholders. This corresponds to 91 per cent of the total number of shareholders. Shareholders registered in Sweden own 81 per cent (80) of the share capital. Among foreign shareholders, the largest proportion of shares are held in the US and Luxembourg, accounting for 7 per cent and 3 per cent of the capital, respectively. The largest owner at year-end 2012/2013, with 61.6 per cent of the votes and 32.9 per cent of the capital, was L E Lundbergföretagen AB, which means that a Group relationship 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 restric-

tion 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 2012 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 2013 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 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 13 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.

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		
Total number of shares outstanding		83 996 162	287 605 268		
Issued call options, B shares		758 300			

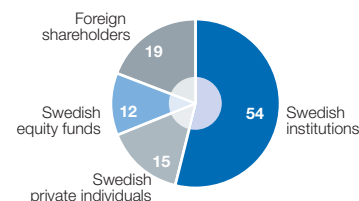
Ownership structure

NO. OF SHARES	SHARE-HOLDERS	PERCENTAGE OF SHARES
1 – 1 000	26 292	6
1 001 – 100 000	2 071	16
100 001 –	77	78
Total	28 440	100

Changes in share capital 2000–2012

	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 categories, percentage of capital



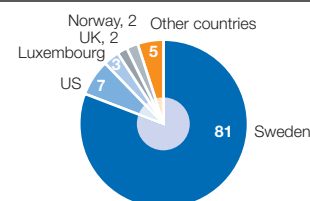
Shareholder structure at 31 December 2012

	% OF CAPITAL	% OF VOTES
L E Lundbergföretagen	32.9	61.6
Kempe Foundations	7.0	16.9
Carnegie funds (Sweden)	4.5	1.3
Alecta	3.6	1.0
AMF	2.8	0.8
Lannebo funds	2.5	0.7
Norges Bank Investment Management	2.2	0.6
DFA funds (USA)	2.1	0.6
SEB funds	1.4	0.4
SHB funds	1.2	0.4
Total	60.1	84.4
Other	39.9	15.6
Total*	100.0	100.0

* of which non-Swedish shareholders

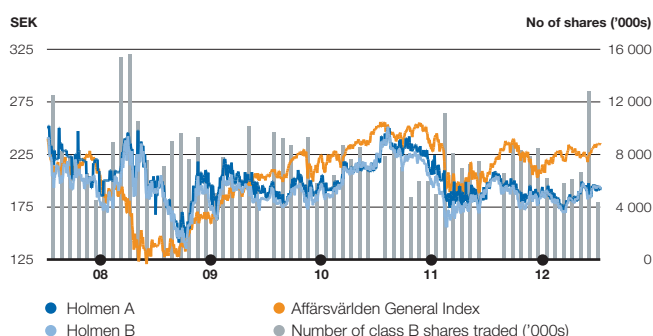
19.2 5.8

Shareholders per country, percentage of capital



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

