

Press Release

23 March 2005

The Board of Cloetta Fazer AB recommends the shareholders not to accept the offer from Oy Karl Fazer Ab

Background

Oy Karl Fazer Ab ("Fazer") announced on 17 February, 2005 through a press release its decision to make a public offer to the shareholders and holders of warrants 2002/2006 ("Cloetta Fazer warrants") issued by Cloetta Fazer AB ("Cloetta Fazer") to sell all their shares and Cloetta Fazer warrants to Fazer (the "Offer"). The Offer is made pursuant to the rules on mandatory offers in the Rules on public offers adopted by the Swedish Industry and Commerce Stock Exchange Committee ("Take-over rules"). Cloetta Fazer is listed on the O-list of the Stockholm Exchange.

Fazer is offering SEK 240 cash for each share of series A and series B respectively in Cloetta Fazer. Additionally, Fazer is offering holders of Cloetta Fazer warrants to sell these at cash price of SEK 30 per warrant. Should Fazer extend the acceptance period for the Offer resulting in shareholders who accept the Offer becoming entitled to the dividend decided at the 2005 AGM, the offer price will be reduced with the amount of dividend per share.

Compared to the latest price paid for the Cloetta Fazer share on the Stockholm Exchange on 16 February, 2005, the last trading day before the announcement of the Offer, of SEK 220 per share, the Offer represents a premium of 9 per cent. Compared to the average price during the last 30 trading days before the announcement of the Offer of approx. SEK 221 per share the premium is 9 per cent.

Since the announcement of the Offer, the Cloetta Fazer share has traded at prices exceeding the price per share in the Offer. At the close of business on 22 March, 2005 the last price paid was SEK 241.

The prospectus for the Offer contains information to the effect that Fazer holds shares representing 24.2 per cent of capital and 40.2 per cent of votes of Cloetta Fazer. In addition, it is stated that Oy Cacava Ab, which has an ownership structure resembling Fazer's, holds shares representing 28.5 per cent of capital and 10.4 per cent of shares of Cloetta Fazer. Fazer's holding, together with the shares owned by Oy Cacava Ab, represents 52.7 per cent of capital and 50.6 per cent of votes of Cloetta Fazer.

On 16 March 2005 Hjalmar Svenfelts stiftelse (Hjalmar Svenfelts Foundation), as owner of AB Malfors Promotor, announced that it will not accept Fazer's Offer. AB Malfors Promotor owns shares representing 20.48 per cent of capital and 39.61 per cent of votes of Cloetta Fazer.

Recommendation by Board of Directors pursuant to the Take-over rules

The Board has considered the Offer and has engaged Carnegie Investment Bank AB ("Carnegie") as financial advisor. Pursuant to Article II.14 of the Take-over rules, the Board of Directors of Cloetta Fazer makes the following recommendation.

The Board considers Cloetta Fazer:

- to have a very strong market position in Finland and Sweden
- to have a number of exceptionally strong brands in the chocolate and confectionary markets in these countries.
- has an efficient organisation, which together with the strong market position, has created a basis for a good and stable profitability long term
- has a very strong financial position, which could open for capital restructuring measures and participation in the continued consolidation of the sector, i.a. through acquisitions.



The Board of Directors has based its recommendation on a review of the circumstances which the Board has deemed relevant, including but not limited to the premium paid in other reference transactions on the Stockholm Exchange as well as various valuation approaches reflecting inter alia assumptions of Cloetta Fazer's future financial performance and trading multiples. In this review the Board of Directors has considered i.a. the uncertainty surrounding projections and the effect on the future price development of the Cloetta Fazer share and Cloetta Fazer warrants.

In view hereof, the Board of Directors unanimously recommends the shareholders **not** to accept the Offer. The Board of Directors recommends the holders of Cloetta Fazer warrants to accept the Offer in respect of such warrants.

The Board would like to draw the shareholders attention to the above under Background referenced ownership situation in the company, which in the Board's judgement, could result in less liquidity, i.e. reduced trading in the Cloetta Fazer share.

This recommendation is supported by a fairness opinion provided by Carnegie pursuant to Article IV.3 of the Take-over rules. The fairness opinion is attached to this press release.

Anders Dreijer, Berndt Brunow, Hans Olof Danielsson and Olof Svenfelt have not participated in the Board of Director's deliberations and decisions regarding this recommendation.

Stockholm, 23 March 2005

Cloetta Fazer AB (publ)

The Board

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About Cloetta Fazer

The Cloetta Fazer Group is the Nordic region's leading confectionery company, with a market share of around 22 per cent. The company has production facilities in Sweden, Finland and Poland. Cloetta Fazer's strength lies in its many popular brands, such as Fazer Blue, Kexchoklad, Dumle, Geisha, Polly and Center. The average number of employees is around 2,000 and annual sales in 2004 amounted to approximately SEK 3 billion.



This is a translation from an original in the Swedish language

Fairness opinion from Carnegie Investment Bank AB

The Board of Directors of
Cloetta Fazer AB

Stockholm 23 March, 2005

The Board of Directors of Cloetta Fazer AB ("Cloetta Fazer", and together with its subsidiaries the "Cloetta Fazer Group") has requested Carnegie Investment Bank AB ("Carnegie") to provide an opinion as to the fairness, from a financial point of view, of the terms of the offer, as defined below.

The Board of Directors has noted the public offer by Oy Karl Fazer Ab to acquire all outstanding shares of Series A and B of and warrants 2002/2006 issued by Cloetta Fazer (the "Offer").

The Offer was made public on February 17, 2005 through a press release. Pursuant to the Offer the shareholders of Cloetta Fazer are offered SEK 240 for each share of Series A and B and the holders of warrants 2002/2006 are offered SEK 30 for each warrant. The Offer is a mandatory offer pursuant to the rules on mandatory offers in the Rules on public offers adopted by the Swedish Industry and Commerce Stock Exchange Committee. Consequently, the Offer is only conditional on receipt of regulatory approvals as described in the press release through which the Offer was made and in a subsequently issued prospectus dated March 7, 2005. Settlement is intended to take place on or about 12 April, 2005.

Carnegie has as a basis for this opinion, regarding the financial terms, reviewed and considered i.a.:

- i) the press release dated 17 February, 2005 containing i.a. the terms and conditions of the Offer and the prospectus for the Offer dated 7 March, 2005;
- ii) the annual reports for Cloetta Fazer for the financial years 2000-2004;
- iii) the budget for the financial year ending 31 December 2005 for the Cloetta Fazer Group;
- iv) the management projections for the Cloetta Fazer Group;
- v) discussions with senior management of the Cloetta Fazer Group concerning the past and present activities, financial position, investment requirements and future prospects of the Cloetta Fazer Group;
- vi) official information concerning share prices and turnover in the Cloetta Fazer share;
- vii) official information from Stockholmsbörsen concerning public offers for certain other companies listed on the Stockholmsbörsen;
- viii) information i.a. from external sources, regarding listed companies comparable with Cloetta Fazer as well as information regarding terms and conditions for acquisitions of companies comparable with Cloetta Fazer;
- ix) further circumstances concerning the past and present activities of the Cloetta Fazer Group as well as such other circumstances which Carnegie has deemed necessary or appropriate to take into account as basis for this opinion.

Carnegie has assumed and relied upon, without independent verifications, the accuracy and completeness of the information, which was publicly available or furnished to us by Cloetta Fazer, or otherwise reviewed, by Carnegie for the purposes of this opinion. Carnegie's opinion is based on financial, regulatory, market and other conditions as in effect on, and the information made available to us as of the date hereof. The circumstances on which this opinion is based may be affected by subsequent events.

Carnegie has relied on information presented or forwarded to us by senior management of Cloetta Fazer regarding assessments of the Cloetta Fazer Group's ability to reach its financial and operational goals (and the assumptions on which these are made) which have been made by senior management of Cloetta Fazer.

Based upon and subject to the foregoing, it is our opinion, as of the date hereof, (i) that the Offer is not fair from a financial point of view for the shareholders of Cloetta Fazer but (ii) that the Offer is fair from a financial point of view for the holders of warrants 2002/2006 issued by Cloetta Fazer. Carnegie does not hereby express any opinion or any recommendation as to whether or not holders of shares and warrants 2002/2006 of Cloetta Fazer should accept the Offer.

Carnegie is acting as advisor to the Board of Directors of Cloetta Fazer in respect of the Offer. Carnegie is engaged in securities sales and trading as defined and regulated by applicable Swedish law. This includes e.g. sales and trading in securities and other financial instruments for Carnegie's own benefit or on behalf of other parties and Carnegie may, in the normal course of its securities sales and trading operations, trade or take positions in securities directly or indirectly affected by the Offer.

This opinion is addressed to the Board of Directors of Cloetta Fazer and is solely intended as a basis for the Board's decision in respect of the Offer and the opinion may not, without prior consent from Carnegie, be invoked or used for any other purpose and, pursuant to such consent, only be used or invoked in its entirety. This opinion is governed by Swedish law.

CARNEGIE INVESTMENT BANK AB (publ)
Investment Banking