

Cooperation Agreement between AssiDomän and Stratton

AssiDomän AB and Stratton Investments have reached agreement on a framework for cooperation and coordination of their respective investments in Sepap a.s. and possibly other companies in Central and Eastern Europe and the former Soviet Union. The agreement marks the start of a cooperative shareholder relationship among the two companies which jointly control 90% of the shares of Sepap, the largest producer of pulp and paper in the Czech Republic. AssiDomän owns 39%, and Stratton owns 51%, of Sepap.

Under the terms of the agreement AssiDomän will gain two of five positions on the Board of Directors of Sepap and will provide operational support to the company's management. The two sides have established a Joint Strategy Group for their relationship to deliberate on ownership and operational and financial support to be provided by the parties at Sepap and other companies.

According to Dr. Lennart Ahlgren, President and CEO of AssiDomän, this agreement "clears the way for AssiDomän to resume the extensive industrial cooperation with Sepap that was begun last year." Some 40 industrial projects which had been initiated in the areas of administration, technology and marketing were temporarily suspended by AssiDomän after Stratton's control acquisition last fall. According to Mr. Ahlgren, "We have now had the chance to consult with Stratton and understand that they are long term investors who share our operational goals for this company and others in the region. We look forward to working closely as an industrial partner with them at Sepap and their other paper investments."

Michael D. Dingman, Stratton's President and Chairman said he was "delighted" with the cooperation established with AssiDomän. "This is exactly the kind of relationship we were initially hoping to establish with our partners at Sepap," he added. "This confirmation of AssiDomän's operational commitment should be good news for Sepap and bodes well for the future appreciation of the company's shares."

As part of the arrangement, AssiDomän has agreed to provide operational support to other pulp and paper companies owned by Stratton. Stratton, together with the Harvard Funds, its partner in the Czech Republic, presently owns a 37% share of Biocel a.s. and is in advanced negotiation of a number of other pulp and paper acquisitions in the region.

Mr. Dingman said that AssiDomän's operational support for these investments will give a "critical boost" to Stratton's efforts to build the companies it controls into European competitors. The arrangement is expected to benefit AssiDomän by giving it unparalleled access among the European paper companies to the emerging markets of the East.

Mr. Dingman characterized the Stratton-AssiDomän relationship as "pure win-win: AssiDomän gains a marvelous window on a key part of the future European market, and Stratton's investments and paper team have the support of AssiDomän's deep operational resources."

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