

### **Ownership structure a problem for the restart of Segezhabumprom**

The future for the Russian pulp and paper mill Segezhabumprom, where AssiDomän holds an operative responsibility, is still uncertain. The production was stopped in March this year, due to the delay of necessary decisions from authorities and lack of oil and operating capital. The major shareholder then decided not to give any additional loans to the company, until the debt situation and the issues regarding environmental permits, raw material supply, etc. had been solved.

Thanks to the commitment from the Chairman of the Carelian government, Viktor Stepanov, and Russia's first deputy Prime Minister, Anatoli Chubais, the economic, social and ecological issues, hindering Segezhabumprom's operations, are now solved to a great extent. Agreements have been reached with Carelian and Russian authorities about environmental permits and the debts to the Pension Fund and to the republic and federal tax authorities. A preliminary agreement also has been made regarding land and property rights.

It is also necessary to change the ownership structure at Segezhabumprom, in order to solve the financing of the 100 million USD planned investments programme. Stratton Paper Co, the formal holder of a 57% stake in Segezhabumprom, is jointly owned by AssiDomän and Daventree. Daventree has now declared that they are not prepared to participate with capital needed to restart the mill. Negotiations on the acquisitions of Daventree's shares have not produced results. Also from the international financing institutions, IFC and EBRD, one of the conditions for participation in the financing of the investments in Segezha is a new ownership structure.

In spite of the agreements with the Russian and Carelian authorities, all necessary requirements for a restart of the mill are not yet in place.

"We do not think it is reasonable that AssiDomän alone should contribute with equity and loans to Segezhabumprom for the benefit of the other shareholders", says AssiDomän's President and CEO, Lennart Ahlgren. "From our side, we have a long term interest in solving the remaining problems, but not on just any terms. If we do

not succeed in solving the ownership issue within the near future we will have to withdraw from our interests in Segezha.”

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July 4, 1997

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