

AssiDomän to withdraw from Segezha

AssiDomän's Board of Directors has today decided to withdraw from Segezhabumprom, the Karelian pulp-, paper- and paper sack conglomerate, in which it holds a 57% interest through its subsidiary Stratton Paper Company. AssiDomän is now investigating the alternatives for a divestment or a transfer of the shares. The value of AssiDomän's shareholding in Stratton Paper, MUS\$ 54, and guarantees for loans to Segezhabumprom, MUS\$ 22, are accounted for as extra-ordinary write-offs for the fourth quarter in the 1997 financial statement, MSEK 549.

In December the Arbitration Court in Moscow declared the Russian Anti-Monopoly Committee's approval of the initial acquisition of the Segezha shares by Stratton Paper invalid. The court decision has made it impossible to achieve external project financing of the investment programme in Segezhabumprom, which has been a prerequisite for AssiDomän's engagement in the project. December 16, 1997, AssiDomän's Board of Directors decided to cease contribution to the financing of the mill.

In spite of the promises from Russian Authorities to support a solution there is still no agreement on the federal tax arrears, and Segezhabumprom's bank accounts are still blocked, thus preventing normal financial transactions.

"From earlier experiences, it is evident that the tax and legal issues will take too long time to sort out in order to continue this project", says Lennart Ahlgren, President and CEO of AssiDomän. "When entering into this project we saw great opportunities on the market and possibilities to develop the sack- and sack paper production in Segezhabumprom. However, we underestimated the problems with Russian bureaucracy and the difficulties caused by the former management and trading partners."

"This withdrawal does not reflect our general assessment of the future development in Russia. We still believe in the Russian market, which is proven by our recent establishment outside St. Petersburg."

AssiDomän has already started to discuss the withdrawal and the transfer of operational and management responsibilities for Segezhabumprom with the Government of the

Republic of Karelia. At Segezhabumprom's board meeting, Wednesday, the Swedish management resigned and a Russian team was appointed until the next General Shareholder Meeting.

AssiDomän AB
Corporate Communications
February 12, 1998

For further information:

Lennart Ahlgren, President and CEO, Berit Hallberg, Senior Vice President, Corporate Communications, and Frans Benson, Vice President Business Intelligence and Investor Relations, AssiDomän AB, tel. +46 - 8 655 9000.