

PRESS RELEASE FROM ESSELTE AB

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Esselte divests picture framing operations

Esselte has entered into an agreement to sell its Nielsen & Bainbridge business area to The Jordan Company (United States), a privately owned investment company headquartered in New York. The sale is expected to be finalized in the third quarter of this year and is subject to customary closing conditions.

The divestment covers Nielsen & Bainbridge's production and sales of mouldings, matboards and accessories but does not include the Letraset graphic products area and ITC, International Typeface Corporation, which develops digital typefaces for the computer industry. These units, accounting for about 7 percent of Nielsen & Bainbridge's total sales.

The Jordan Company will form a new company for the acquired operations in which Esselte will have a 25 percent ownership stake. Esselte has decided to retain a 25 percent ownership stake in Nielsen & Bainbridge so that its shareholders can participate in the upside potential that may result from its partnership with the Jordan Company. The Jordan Company plans to use Nielsen & Bainbridge as a platform to consolidate the fragmented picture framing industry.

The business area is being sold for USD 160 million plus a 25 percent ownership stake in the recapitalized entity. Esselte is expected to record a capital gain of SEK 540 million on the sale. Tax expenses resulting from the divestment and legal restructuring costs are estimated to be 25 percent of the purchase price.

"Nielsen & Bainbridge is a successful and profitable company operating in a mature industry. Since Esselte's strategy is now focused on developing business areas into streamlined and independent units for increased growth, we want to concentrate our efforts on opportunities for our other two business areas, Esselte Office Products and Meto. The divestment of Nielsen & Bainbridge is an important step in the continuing restructuring of Esselte's operations," commented Esselte CEO Jan Kvarnström.

After the divestment of Nielsen & Bainbridge, the Esselte Group now consists of two independent business units – Esselte Office Products and Meto – which are global market leaders in office products and labeling systems, respectively. The Parent Company, Esselte AB, focuses on creating added value by being an active owner and implementing structural measures to streamline operations. After the divestment, Group sales amount to approximately SEK 11.7 billion and the number of employees totals 7,800 (1997 figures).

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