

**Shareholders in
Holmen Aktiebolag (publ) (corp. reg. no. 556001-3301)
are hereby invited to attend the Annual General Meeting at 15.00 CET on
Thursday 11 April 2019 in Vinterträdgården, Grand Hôtel (Royal entrance),
Stallgatan 6, Stockholm, Sweden.**

Registration etc.

Shareholders wishing to participate in the Meeting shall:

be entered in the register of shareholders maintained by Euroclear Sweden AB on Friday 5 April 2019;

give notice of participation by Friday 5 April 2019 at the latest, preferably before 17.00 CET, to Holmen AB, Group Legal Affairs, Box 5407, SE-114 84 Stockholm, Sweden, in which notice the number of assistants shall be stated. Notice may also be given by telephone: +46 (0)8 666 21 11 or via the company's website: www.holmen.com.

Shareholders whose shares are registered under a nominee name must temporarily re-register them in their own names with Euroclear Sweden to be entitled to participate. Such re-registration must be completed by Friday 5 April 2019. This means that shareholders must notify their account operator of their intention well ahead of this date. Shareholders who wish to be represented by a proxy may obtain a proxy form from the company. A proxy form is also available on the company's website, www.holmen.com.

Proposed agenda

- 1 Opening of the Meeting
- 2 Election of Chairman of the Meeting
- 3 Preparation and approval of voting list
- 4 Approval of agenda
- 5 Election of adjusters to approve the minutes of the Meeting
- 6 Resolution concerning the due convening of the Meeting
- 7 Presentation of the annual accounts and the consolidated financial statements, together with the report of the auditors and the auditors' report on the consolidated financial statements
Address by CEO
- 8 Matters arising from the above reports
- 9 Resolution concerning the adoption of the parent company's income statement and balance sheet and the consolidated income statement and balance sheet
- 10 Resolution concerning the proposed treatment of the company's unappropriated earnings as stated in the adopted balance sheet, and date of record for entitlement to dividend
- 11 Resolution concerning the discharge of the members of the Board and the CEO from liability

- 12 Decision on the number of Board members and auditors to be elected by the Meeting
- 13 Decision on the fees to be paid to the Board and the auditor
- 14 Election of the Board and the Chairman of the Board
- 15 Election of auditor
- 16 Board's proposal regarding guidelines for determining the salary and other remuneration of the CEO and senior management
- 17 Board's proposal concerning a share saving programme for senior executives, comprising
 - A. Introduction of a share saving programme
 - B. Hedging measures in connection with the share saving programme
 - B.1 Resolution concerning transfers of acquired own series B shares, to participants in the programme
 - B.2 Agreement on share swap with external party, if the Annual General Meeting does not vote in favour of what is proposed in section 17.B.1 above
- 18 Board's proposal concerning the buy-back and transfer of shares in the company
- 19 Closure of the Meeting

Nomination Committee proposals in respect of Item 2 and Items 12–15 on the agenda

The Annual General Meeting has previously decided to set up a Nomination Committee to submit the names of candidates for election to the Board, the fee to be paid to the Board and, in relevant years, the election of auditors and the auditors' fee. Pursuant to the Annual General Meeting's decision, the Nomination Committee shall consist of the Chairman of the Board and one representative of each of the three largest shareholders on 31 August each year. Prior to the 2019 Annual General Meeting, the Nomination Committee consists of Mats Guldbrand, L E Lundbergföretagen; Torbjörn Widmark, Kempe Foundations; Hans Hedström, Carnegie Fonder; and Fredrik Lundberg, Chairman of the Board. Chairman of the Nomination Committee is Mats Guldbrand.

The Nomination Committee has submitted the following proposals:

Section 2 It is proposed that Fredrik Lundberg should chair the Meeting.

Section 12 Nine Board members and one auditor are proposed.

Section 13 It is proposed that fees of SEK 3,195,000 be paid to the Board, of which SEK 710,000 be paid to the Chairman and SEK 355,000 be paid to each of the other members elected by the Annual General Meeting who are not employees of the company. The proposal would result in unchanged fees.

Compensation to the auditors is proposed to be paid against an approved invoice.

Section 14 It is proposed that Fredrik Lundberg, Carl Bennet, Lars Josefsson, Lars G Josefsson, Louise Lindh, Ulf Lundahl, Henrik Sjölund and Henriette Zeuchner be re-elected to the Board and that Alice Kempe be elected to the Board. Carl Kempe declined to stand for re-election.

Alice Kempe was born in 1967. She is Chairman of the Board of the Kempe Foundations and since 2001 employed at the Swedish Energy Agency.

It is proposed that Fredrik Lundberg be elected Chairman.

Section 15 It is proposed that authorised public accounting firm KPMG AB be re-elected. KPMG AB has announced its intention to appoint authorised public accountant Joakim Thilstedt as principal auditor.

Board proposal concerning Item 10 on the agenda

The Board proposes that a dividend of SEK 6.75 (6.50) per share be paid. The Board proposes that the date of record for entitlement to dividend be Monday 15 April 2019.

Provided the shareholders at the Annual General Meeting resolve in favour of the proposal, it is expected that the dividend will be distributed by Euroclear Sweden on Thursday 18 April 2019.

Board proposal concerning Item 16 on the agenda

The Board proposes that the following guidelines be adopted for determining the salary and other remuneration of the CEO and senior executives, i.e. the business area managers and heads of Group staffs reporting directly to the CEO. The guidelines apply to agreements entered into after approval of the resolution by the Annual General Meeting.

Salary and other remuneration: The remuneration of the CEO and the senior management shall consist of a fixed market-based salary. Other benefits, principally car and accommodation, shall, insofar as they are provided, represent a limited part of the remuneration.

Over and above any share-based incentive programmes approved by the Annual General Meeting, no variable remuneration shall be paid.

Pension: The retirement age shall normally be 65 years. The pension benefit paid shall be premium-based, and in accordance with the ITP plan. Additional premium-based pension arrangements may apply.

Notice and severance pay: The period of notice shall be six months, whether at the initiative of the company or the employee. In the event of notice being given by the company, severance pay can be paid in an amount corresponding to no more than 18 months' salary.

Remuneration Committee: A Remuneration Committee appointed from among the members of the Board shall prepare business pertaining to the CEO's salary and other conditions of employment and submit proposals on such issues to the Board for decision. Detailed principles for determining the salaries, pension rights and other remuneration to senior management shall be laid down in a pay policy adopted by the Remuneration Committee.

Departures in individual cases: The Board is entitled to depart from these guidelines in individual cases if motivated by particular reasons. In the event of such a departure, information thereon and the reasons therefor shall be submitted to the next Annual General Meeting.

Board proposal concerning item 17 on the agenda

The Board of Directors proposes that the annual general meeting resolves on the implementation of a long-term share saving program (the "**Program**" or "**LTIP 2019**"). The Program is directed to the members of the Executive Management, the Business Area Managers and a number of key employees of the Holmen Group and shall be implemented after the annual general meeting 2019 in Holmen.

The annual general meeting 2016 resolved on a long-term share saving program that expires in connection with the announcement of Holmen's interim report for the first calendar quarter 2019 ("**LTIP 2016**"). The Board of Directors considers the program to be structured in an appropriate way and proposes that the annual general meeting 2019 adopts a long-term share saving program on, in all material respects, the same terms and conditions as LTIP 2016. However, as opposed to LTIP 2016, the Board of Directors proposes that LTIP 2019 shall have a matching condition, which shall relate to Total Shareholder Return (TSR). The Board of Directors further proposes that the performance condition shall, similar to LTIP 2016, be based on the average return on capital employed. However, the Board of Directors proposes that the level at which performance shares are allotted shall be higher than in LTIP 2016.

The overall purpose of the Program is to closely align the participants' interests with those of the employees and shareholders and continue to promote a long-term commitment to Holmen when LTIP 2016 expires. The Program is intended to attract and retain employees who are critical to Holmen's on-going success.

The Program shall be achievable, easy to understand, cost effective to administrate and easy to communicate.

A. Implementation of the Program

The Board of Directors proposes that the implementation of the Program be made in accordance with the principal terms and conditions set out below.

- a) The Program is proposed to be open to no more than 60 permanent employees of the Holmen Group, who are divided into the following four groups: the Chief Executive Officer of Holmen (“**Group 1**”), the deputy Chief Executive Officer of Holmen (“**Group 2**”), no more than four Business Area Managers of Holmen (“**Group 3**”) and no more than 54 other Key Employees of the Holmen Group (“**Group 4**”). The participants in Group 1-4 are collectively referred to as the “**Participants**”.
- b) To be able to participate in the Program, the employees must personally invest in Series B shares of Holmen and these shares must be allocated to the Program (“**Saving Shares**”). For each Saving Share, the Participants will have the possibility to be allotted 0.5 Series B shares in Holmen free of charge, from Holmen, from another company within the Holmen Group or from a designated third party (“**Matching Share**”). Matching Shares will be allotted subject to certain conditions relating to continued employment and uninterrupted holding of Saving Shares (as further described in section (i) below), and provided that the Total Shareholder Return (TSR) has been positive during the financial years 2019–2021 (the “**Matching Condition**”). The Matching Shares will be allotted after the expiration of a vesting period, starting on 1 June 2019 and running up to and including the day of announcement of Holmen’s interim report for the first calendar quarter 2022 (the “**Vesting Period**”). Holmen intends to provide a notice to the Participants of their admission to the Program no later than on 8 May 2019 (however with the right for the Board of Directors to postpone this date for individual Participants if there are special reasons therefore).
- c) Further, the Participants will, depending on satisfaction of certain performance conditions (as defined and described in paragraph (d) below), after the expiration of the Vesting Period have the possibility to be allotted additional Series B shares of Holmen free of charge from Holmen, from another company within the Holmen Group or from a designated third party (the “**Performance Shares**”). For each Saving Share, the Participants may be allotted the Performance Shares in accordance with the following:
- Participants in Group 1 may be allotted no more than six (6) Performance Shares;
 - Participants in Group 2 may be allotted no more than five (5) Performance Shares;
 - Participants in Group 3 may be allotted no more than four (4) Performance Shares; and
 - Participants in Group 4 may be allotted no more than three (3) Performance Shares.

- d) The allotment of Performance Shares shall depend on the degree of fulfilment of the performance condition for the Program. The performance condition shall be based on a Program specific financial target related to the average return on capital employed (“**ROCE**”)¹ for the financial years 2019, 2020 and 2021 (the “**Performance Condition**”). In connection with the expiry of the Vesting Period, the Board of Directors will publish information about to what extent the Performance Condition has been fulfilled.

The number of Performance Shares that may be allotted shall be calculated in accordance with the following:

- A condition for any allotment of Performance Shares to occur is that the Performance Condition exceeds 8 per cent (the “**Minimum Level**”). If the Minimum Level is not exceeded, no Performance Shares will be allotted.
- For maximum allotment of Performance Shares to occur, the Performance Condition must amount to at least 11 per cent (the “**Maximum Level**”).
- Should the degree of fulfilment exceed the Minimum Level but be between the Minimum Level and the Maximum Level, the Participants will receive a linear allotment of Performance Shares.

¹ Operating profit/loss (excl. items affecting comparability) expressed as a percentage of average capital employed as defined in the annual report for each year.

- e) The maximum value per each right to receive a Matching Share or a Performance Share shall be limited to 200 per cent of the volume weighted average price of the Holmen Series B share during the five trading days immediately following the publication of the interim report for the first calendar quarter 2019 (the “**Cap**”). Should the value of such right (calculated based on the volume weighted average price of the Holmen Series B share during the five trading days immediately following the day of publication of the interim report for the first calendar quarter 2022, after deduction of dividend approved by the Annual General Meeting, where the share is still traded including the right to such dividend) exceed the Cap, a proportional reduction in the number of Matching Shares and Performance Shares to be allotted shall be made. For the avoidance of doubt, after such reduction, the value of each such right shall correspond to the Cap. This limitation enables control and predictability over the program's maximum scope and cost.
- f) Each Participant may invest in Saving Shares of a value (determined based on the quoted closing price of the Holmen Series B share as of 25 February 2019, i.e. SEK 196.00 per share) corresponding to no more than 10 per cent of his/her respective individual gross annual fixed salary.
- g) Participants must invest in Saving Shares during the period 9 May–31 May 2019, however with the right for the Board of Directors to extend (or postpone) the period for investment.

- h) Matching Shares and Performance Shares may normally be allotted only after the expiration of the Vesting Period.
- i) In order for a Participant, as applicable, to be allotted any Matching Shares or Performance Shares it is a condition that, with certain exemptions, he/she has been permanently employed within the Holmen Group for the duration of the whole Vesting Period and that the Participant, until the expiration of the Vesting Period, has retained the Saving Shares invested in for purposes of the Program. Saving Shares disposed of prior to the expiration of the Vesting Period will not be included in the calculation to determine any allotment of Matching Shares or Performance Shares.
- j) If significant changes in the Holmen Group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allotment of Performance Shares under the Program become unreasonable, the Board of Directors shall be entitled to make adjustments to the Program, including, among other things, be entitled to resolve on a reduced allotment of Performance Shares, or that no Performance Shares shall be allotted at all.
- k) The Board of Directors shall be authorised to establish the detailed terms and conditions for the Program. The Board of Directors may, in that regard, make necessary adjustments of these general terms and conditions to satisfy certain regulations or market conditions outside Sweden.
- l) Participation in the Program presupposes that such participation is legally possible in the various jurisdictions concerned. In the event allotment of Matching Shares or Performance Shares to a Participant outside Sweden cannot take place at a reasonable cost or with reasonable administrative efforts in the opinion of the Board of Directors, the Board of Directors shall be entitled to resolve on cash settlement for such Participant.
- m) The Program shall comprise no more than 190,000 Series B shares in Holmen (Matching Shares and Performance Shares included).
- n) The number of Matching Shares and Performance Shares will be subject to recalculation as a result of intervening bonus issues, share splits, rights issues, dividends exceeding 6 per cent of the equity in respect of a certain financial year and/or other similar corporate events.

Costs for the Program etc.

The costs for the Program, which are charged in the profit and loss account, are calculated according to the accounting standard IFRS 2 and distributed over the Vesting Period. The calculation has been made based on the quoted closing price of Series B shares in Holmen as of 25 February 2019, i.e. SEK 196.00 per share, and the following assumptions: (i) an annual dividend yield of approximately 4 per cent, (ii) an estimated annual turnover of personnel of 5 per cent, (iii) an average fulfilment of the Performance Condition of 50 per cent, and (iv) a total maximum of 190 000 Matching Shares and Performance Shares eligible for

allotment. In addition to what is set forth above, the costs for the Program have been based on that the Program comprises no more than 60 Participants and that each Participant makes a maximum investment. In total, the costs for the Program according to IFRS 2 are estimated to approximately SEK 15 million excluding social security costs (SEK 28 million if the average fulfilment of the Performance Condition is 100 per cent). The costs for social security charges are calculated to approximately SEK 8 million, based on the above assumptions, and also assuming an annual share price increase of 10 per cent during the Program and a social security tax rate of 30 per cent (SEK 14 million if the average fulfilment of the Performance Condition is 100 per cent).

The expected annual costs of SEK 8 million, including social security charges, correspond to approximately 0.3 per cent of the Holmen Group's total employee costs for the financial year 2018 (0.6 per cent if the average fulfilment of the Performance Condition is 100 per cent).

Assuming that the Cap is reached (for this purpose calculated based on the quoted closing price of Series B shares in Holmen as of 25 February 2019, i.e. SEK 392.00 per share) and that all Participants are entitled to allotment of the maximum number of Matching Shares and Performance Shares in the Program and remain in the Program until the end of the Vesting Period, the maximum cost according to IFRS 2 for Holmen will amount to SEK 32 million and the maximum social security charges will amount to SEK 22 million.

Dilution

Allotment of repurchased shares to fulfil the obligations under the Program would result in the following dilution effects (under the below mentioned assumptions). Upon maximum allotment of Matching Shares and Performance Shares and assuming annual dividends that do not exceed 6 per cent of the equity in respect of a certain financial year, the number of shares to be allotted free of charge under the Program amounts to 190,000 Series B shares in Holmen, corresponding to approximately 0.1 per cent of the share capital and approximately 0.03 per cent of the votes (calculated based on the number of Holmen Series B shares as of 25 February 2019). The effects on key ratios and profit per share are marginal.

Hedging arrangements

The Board of Directors proposes that the annual general meeting resolves, as a main alternative, on transfers of Series B treasury shares free of charge to the Participants and that transfers of Series B treasury shares free of charge may be made to subsidiaries of Holmen in order to secure Holmen's obligations to deliver Series B shares to the Participants. The company currently holds 1,520,000 Series B shares in treasury. The detailed conditions of the Board of Directors' main alternative are set out in item 17.B.1 below.

Should the majority required under item 17.B.1 below not be reached, the Board of Directors proposes that Holmen shall be able to enter into an equity swap agreement with a third party, in accordance with item 17.B.2 below.

Preparations of the proposal

The proposed Program has, pursuant to the guidelines issued by Holmen's Board of Directors, been prepared by the Remuneration Committee of Holmen with the assistance of external advisors. The Remuneration Committee has informed the Board of Directors of the work, who has subsequently resolved that the Program shall be proposed to the annual general meeting 2019.

B. Hedging arrangements in respect of the Program*1. Resolution on transfers of acquired Series B treasury shares to the Participants*

The Board of Directors proposes that the Annual General Meeting resolves, as a main alternative, that transfers of Holmen's Series B treasury shares may be made on the following terms.

- a) Transfer may be made only of Series B shares in Holmen, whereby a maximum of 190,000 Series B shares in Holmen may be transferred free of charge to the Participants.
- b) Right to acquire Series B shares in Holmen free of charge shall, with deviation from the shareholders' preferential rights, be granted the Participants. Further, subsidiaries of Holmen shall, with deviation from the shareholders' preferential rights, be entitled to acquire Series B shares in Holmen free of charge, whereby such company shall be obliged to, in accordance with the conditions of the Program, immediately transfer the shares to the Participants.
- c) Transfers of Series B shares in Holmen shall be made free of charge at the time and on the other terms that the Participants are entitled to acquire shares.
- d) The number of Series B shares in Holmen that may be transferred under the Program will be subject to recalculation as a result of intervening bonus issues, share splits, rights issues, dividends exceeding 6 per cent of the equity in respect of a certain financial year and/or other similar corporate events.

2. Equity swap agreement with a third party

The Board of Directors proposes that the annual general meeting, should the majority required under item 17.B.1 above not be reached, resolves that the expected financial exposure resulting from the Program may be hedged by Holmen entering into an equity swap agreement with a third party. Such swap agreement shall be on terms in accordance with market practice, whereby the third party against a fee undertakes to, in its own name, acquire and transfer Series B shares in Holmen to the Participants in accordance with the terms and conditions of the Program.

Conditions

The shareholders' meeting's resolution on the implementation of the Program according to item 17.A above is conditional upon the meeting resolving either in accordance with the proposal on transfer of Series B treasury shares to the Participants under item 17.B.1 above or in accordance with the proposal on entering into a swap agreement with third party under item 17.B.2 above.

Majority requirements

The shareholders' meeting's resolution on implementation of the Program according to item 17.A above requires simple majority among the votes cast. A valid resolution on transfer of Series B treasury shares to the Participants under item 17.B.1 above requires approval by shareholders representing not less than nine-tenths of the votes cast as well as of the shares represented at the meeting. A valid resolution on entering into a swap agreement with third party under item 17.B.2 above requires simple majority among the votes cast.

Other

Previous incentive programs in Holmen

Holmen has since 2016 a three-year long-term incentive program, which is based on the same terms and conditions as the above proposed LTIP 2019 with the exceptions that the 2016 program does not contain any Matching Condition and that the level at which performance shares are allotted is lower in the 2016 program. LTIP 2016, which expires in connection with the announcement of Holmen's interim report for the first calendar quarter 2019, is further described in note 04 of Holmen's annual report for the financial year 2017.

Board proposal concerning Item 18 on the agenda

The Board proposes that the Annual General Meeting resolve that the Board be mandated, for the period until the end of the next Annual General Meeting, to buy back, on one or more occasions, series B shares in the company to the extent that the company's holding of its own shares does not at any time exceed 10 per cent of all the shares in the company. The share purchases shall be transacted via Nasdaq Stockholm within the prevailing applicable range of prices (spread).

The Board further proposes that it be mandated by the Annual General Meeting to make decisions between now and the next Annual General Meeting to use the company's holding of its own shares as payment in connection with the acquisition of companies or lines of business or to finance such acquisitions, in which case the shares may also be sold via Nasdaq Stockholm. The mandate may be exercised on one or more occasions and may include the company's entire holding of its own shares at the time of the Board's decision. The mandate includes the right to decide to depart from shareholders' preferential rights. The transfer of shares on Nasdaq Stockholm shall take place within the prevailing applicable range of prices (spread). For share transfers outside Nasdaq Stockholm, payment will be possible in cash, with payment in kind or through offset, and the price shall correspond to an assessed market value at the time of such transfer.

The purpose of the mandates for repurchases and transfers of own shares, and the reason for deviation from shareholders' preferential rights, is to give the company the opportunity to use treasury shares to pay for or finance, without delay and in a flexible, cost-effective manner, acquisitions of companies or business operations. The purpose of this mandate to repurchase shares in the company is also to enable the Board to adjust the capital structure, thereby generating a higher value for shareholders.

A resolution in accordance with the proposal requires shareholders representing a minimum of two-thirds of both votes cast and shares represented at the Annual General Meeting to support the resolution.

Information at the meeting

If requested by a shareholder and the Board deems that it can take place without causing material damage to the company, the Board and the CEO shall provide information about circumstances that may affect the assessment of an item on the agenda, circumstances that may affect the assessment of the company's or its subsidiaries' financial situation, and the company's relationship with another Group company.

Documents

The annual report, the auditor's report, the Board's dividend proposal and its reasons therefore, the Board's proposal for guidelines for determining the salary and other remuneration of the CEO and senior management, the auditor's statement in accordance with Chap. 8 § 54 of the Swedish Companies Act, the Board's proposal for a share saving programme for senior executives and the Board's proposal for a mandate to acquire and transfer the company's own shares and the Board's reasons in support thereof shall be made available at the company's offices as of Thursday 21 March 2019 inclusive and shall also be published on the company's website, www.holmen.com.

Holmen AB has a total of 169,512,324 shares in issue, divided into 45,246,468 series A shares and 124,265,856 series B shares. Each series A share carries ten votes and each series B share one vote. The total number of votes is 576,730,536. Following previous buy-backs, the company holds 1,520,000 of its own series B shares, corresponding to approximately 0.9 per cent of all shares.

Processing of personal data

For information on how personal data is processed, please visit <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Stockholm, March 2019

The Board of Directors