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Press Release

16 June 2008

Cloetta Fazer AB to de-merge into Cloetta and Fazer Confectionery

The principal owners of Cloetta Fazer AB (publ) (“Cloetta Fazer”) – Oy Karl Fazer Ab (“Fazer”, or “Fazer Group”) and AB Malfors Promotor (“Malfors”) – who together own approximately 78.5 percent of the votes in Cloetta Fazer, have struck an agreement concerning a de-merger of Cloetta Fazer. Through the de-merger, Cloetta Fazer creates the two future companies Cloetta and Fazer Confectionery. The new Cloetta intends to apply for a listing on the OMX Nordic Exchange Stockholm. Fazer Confectionery will be consolidated in the privately held Fazer Group.

- **Cloetta Fazer is de-merging into Cloetta and Fazer Confectionery**
- **The de-merger will be carried out in two steps:**
 - Step 1 – Distribution of the shares in new Cloetta as dividend**
 - **The shareholders of Cloetta Fazer will receive a dividend of one share in the new Cloetta for every share in Cloetta Fazer**
 - **One share of class A in Cloetta Fazer will entitle the holder to one share of class A in the new Cloetta, and one share of class B in Cloetta Fazer will entitle the holder one share of class B in the new Cloetta. The distribution of shares as dividend is carried out according to Lex ASEA**
 - Step 2 – An offer for the “remaining” Cloetta Fazer (to become Fazer Confectionery)**
 - **Fazer today announces a public offer to the shareholders of Cloetta Fazer consisting of a cash part of SEK 202 and 0.92 shares of class B in the new Cloetta for every share in Cloetta Fazer**
- **The offer is conditional upon the distribution of new Cloetta shares as dividend to the shareholders of Cloetta Fazer**
- **The intention is to successfully complete the de-merger by January 2009**
- **The shares of Cloetta Fazer will be listed on OMX the Nordic Exchange at least until the offer has been completed, which is estimated for January 2009**
- **All outstanding legal issues between the principal shareholders are terminated with immediate effect**

“We are pleased to be able to present an agreement between the principal shareholders of Cloetta Fazer; Fazer and Malfors. Through the de-merger two new strong companies will be created with the full capacity to take on future challenges. The work to achieve this agreement has been carried out in a positive spirit from the two principal shareholders, says Lennart Bylock, who together with Wilhelm Lüning has been appointed by the principal shareholders to lead the mediation discussions.

“The merger has been successful from an operational point of view and all of our employees have together done a great job. The de-merger has nothing to do with the operations, where the objectives regarding profitability, initially set when the confectionery departments of Cloetta and Fazer was merged, has been successfully achieved. The decision to de-merge the company is based on disagreements between the principal shareholder’s views on the long-term ownership of the company.

Consequently, we are relieved that the conflicts have come to an end. This was crucial for the future development of the company, says Anders Dreijer, Chairman of the board at Cloetta Fazer.

“Whilst we are sorry to see the end of this operationally successful merger, we are looking forward to developing Fazer’s confectionery business under our own management. Sweden is our other domestic market, and we perceive major potential for growth for our entire operation here, but also on all our other markets such as Russia. Our aim is to offer more Fazer products and services on all our markets,” says Karsten Slotte, President of Fazer Group.

”The mediators have been very successfully at taken the interest of both owners into consideration and past disagreement can now be put behind us. As one of the principal shareholders I am pleased that Cloetta will have a future as a listed company which creates opportunities for future growth. This creates the possibilities of a broader ownership, e.g. for the employees of the group.” says Olof Svenfeldt, CEO Malfors

The mediators have, in addition to law firm Cederqvist, appointed Ernehalm and Haskel as financial advisor and Brunswick as communications advisor.

A joint press conference will be held led by the mediators today in Stockholm, World Trade Center, conference room New York, at 10.00. For participation, please email to information@cloettafazer.se.

There is a possibility to listen in on the conference. Please use the following dial-ins:
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The information from Cloetta Fazer contained herein is subject to the disclosure requirements in the Swedish Securities Market Act. The information was submitted for publication on 16 June 2008, 08:00 a.m. CET.

Appendix 1: Press release: Fazer announces public offer to the shareholders of Cloetta Fazer

Appendix 2: Press release from Cloetta Fazer

Appendix 3: Press release from Fazer

Appendix 4: Press release from Malfors

Background

Cloetta Fazer, the largest chocolate and confectionery producer in the Nordic region, is listed on the OMX Nordic Exchange Stockholm. During the spring of 2008, the two principal shareholders Fazer and Malfors have been participating in a mediator discussion led by the former board members Lennart Bylock and Wilhelm Lünig in order to resolve to the differences of opinion between the two principal shareholders. The purpose has been to, based on the mediator discussion, find a proposed solution ahead of Cloetta Fazer's annual general meeting at the 16th of June 2008 which benefit both the company and its shareholders in general.

The agreement in short

The agreement between the principal shareholders, which is based on the proposal from the mediators, means that the operations in Cloetta Fazer will be de-merged into the two new companies Cloetta and Fazer Confectionery.

Through the de-merger, new Cloetta will hold the exclusive rights to the umbrella brands Cloetta and Karamellpojckarna, with product brands such as Kexchoklad, Center, Plopp, and Extra Starka. The company will have production facilities in Ljungsbro and Alingsås. Curt Petri, currently Deputy Managing Director and CFO in Cloetta Fazer will be appointed CEO and President for new Cloetta. Eva Persson will be Managing Director for Cloetta's operations in Sweden.

Through the de-merger, Fazer will hold the exclusive rights to the brand Fennonbon and Fazer's related product brands such as Dumle, Geisha, Marianne, Tutti Frutti, Ässä, Pantteri/Salta Katten and Turkisk Peber. Fazer has historically owned the rights to the brands Fazer, Karl Fazer. The company will have production facilities in Vantaa, Lappeenranta and Karkkila. Jesper Åberg, currently Managing Director and CEO of Cloetta Fazer, will be appointed as Managing Director for Fazer's division Fazer Confectionery following the de-merger. Shortly, a person will be commissioned to build Fazer's Swedish operations.

The future operations of the two companies are described in further details further down in the press release.

As a first step of the agreement, the shareholders of Cloetta Fazer are proposed to receive shares in the new Cloetta distributed as dividend. General meeting to resolve on the dividend is planned to be held during the autumn 2008. The dividend will be carried out according to the Lex-ASEA rules. The distribution of shares in the new Cloetta is proposed to be carried out in proportion to the individual shareholdings in Cloetta Fazer. For every A share in Cloetta Fazer a new A-share in new Cloetta will be received and for every B-share in Cloetta Fazer a B-share in new Cloetta will be received. The shares in the new Cloetta are intended to be listed on the OMX Nordic Exchange Stockholm in connection to the distribution of the shares as dividend. Following a decision at the general meeting, the shareholders in Cloetta Fazer will receive the shares in new Cloetta without any further activities.

Further, Fazer has today presented a public offer (the "Offer") to the shareholders of Cloetta Fazer, Appendix 1. Fazer's Offer refers to an acquisition of all shares in the remaining Cloetta Fazer (to become Fazer Confectionery). The Offer consideration consists of a cash part of SEK 202 and 0.92 shares of class B in the new Cloetta for every share in Cloetta Fazer. The Offer is conditioned by the distribution of new Cloetta shares as dividend to the shareholders of Cloetta Fazer.

Possible remaining shares in the new Cloetta received by Fazer after having paid the consideration will be acquired by Malfors at a price of SEK 45.60. This price shall not be deemed as market value, but forms part of the principal shareholders' agreement. Malfors has committed to offer the shareholders in Cloetta Fazer that has accepted the offer, in proportion to the number of shares in Cloetta Fazer that the respective shareholders have tendered in the Offer, to acquire these shares from Malfors at the same conditions as offered to Malfors. In order to avoid that Malfors is given special treatment as shareholder

in Cloetta Fazer, this construction has been confirmed by the Swedish Securities Council (Statement 2008:18).

For the shareholders in Cloetta Fazer the agreement between the principal shareholders opens up for the possibility to receive in total 202 SEK in cash and 1.92 shares in new Cloetta for every share in Cloetta Fazer (one share through dividend and 0.92 shares and SEK 202 cash through the offer).

In connection with the agreement, both parties have decided to terminate all ongoing legal proceedings in Sweden and Finland with immediate effect.

Pro forma figures and description of new Cloetta and Fazer Confectionery

The new Cloetta

The new Cloetta will consist of operations under the umbrella brands Cloetta and Karamellpojarna with product brands such as Kexchoklad, Center, Plopp, Polly and Extra Starka. The company will have production facilities in Ljungsbro and Alingsås. The new Cloetta's biggest market will be Sweden, with a share of sales of approximately 80 percent of net sales and Norway as the second biggest market. The company's pro-forma net sales 2007 amounted to MSEK 850 (see further below).

The new Cloetta will, during a transition period of approximately 12-18 months following the establishment at September 1st 2008, have costs to launch a new organisation, with the commercial organisation being prioritised, a new corporate identity and any other costs that could appear following the de-merger. The new Cloetta is, based on these costs, estimated to report an operating margin that will, during the transition period, be lower than the margin reported pro-forma for 2007. Following the transition period, the new Cloetta is estimated to reach an operating margin in line with that of the pro-forma report. Financial targets will be formulated in the prospectus presented in connection with the distribution and listing of the company.¹ Further, the company sees good growth opportunities for the new Cloetta, e.g. through increased focus on Cloetta's product brands, new sales assignments and sales of Cloetta's products at new markets.

Preliminary pro forma financial information

Please find below a summary of the preliminary pro-forma figures for 1 January – 31 December 2007 including operating profit and a preliminary pro-forma for operating capital as per 31 December 2007. Pro-forma figures will be described in further detail in the prospectus that will be distributed to Cloetta Fazer's shareholders ahead of the distribution of dividend and the intended listing of the new Cloetta.

The new Cloetta is estimated as per 31 August 2008 to have net receivables of MSEK 160.

Adjustments to the pro-forma financial statements for the new Cloetta and Fazer Confectionery's results 2007:

- The income statement of the new Cloetta mainly consists of Cloetta Fazer Sverige AB ("CFS"), which is intended to become the operating company for the new Cloetta and where all operations relation to the umbrella brand Cloetta have been carried out over the past years.
- CFS is today also responsible for sales of products under the umbrella brand Fazer at the Swedish market. As sales of Fazer's products are intended to remain in Cloetta Fazer (Fazer Confectionery), at the detachment of new Cloetta, the net sales from these products have reduced CFS's net sales.² Fazer's products relates to 40 percent of CFS's net sales 2007. Due to decreased economies of scale, Cloetta is not estimated to be able to reduce costs in the same range as the net sales decrease. CFS's operating costs have thus been adjusted downwards by 33

¹ The prospectus will be part of the offering documentation that Fazer will create as part of the offer.

² During a transition period, CFS will keep the responsibility for the sale of Fazer's products in Sweden.

percent. The fact that the operating costs have been reduced by 33 percent instead of 40 percent means that the pro-forma net profit in new Cloetta is decreased by MSEK 24.

- Net sales and operating profits of AB Karamellpojckarna ("Karamellpojckarna") for the period 1 January – 31 December 2007 have been added to the pro forma figures. Karamellpojckarna was consolidated in Cloetta Fazer's figures 1 October 2007
- Fazer Confectionery's pro forma net sales and operating profit consist of the difference between Cloetta Fazer and new Cloetta's proforma net sales and proforma operating profit. New Cloetta's proforma operating profit has been adjusted down with MSEK 24. Also, Fazer Confectionery will have some costs related to the transition and will be effected by reduced economies of scale in the same way as new Cloetta. The reduced economies of scale also results in Fazer Confectionery's pro-forma operating profit being adjusted downwards by MSEK 25 (thus, this entails an adjustment of Fazer Confectionery's proforma operating profit with in total MSEK 49)

Pro-forma adjustments regarding Cloetta's and Fazer Confectionery's operating capital.

- The new Cloetta's operating capital consists of operating capital in CFS and Karamellpojckarna
- Properties in Ljungsbro and the umbrella brand rights, Cloetta and Karamellpojckarna are parts of new Cloetta
- Working capital related to Fazer products is part of Cloetta's operating capital as the company, during a transition period, is intended to be responsible for the sales of these products at the Swedish market.
- Fazer Confectionery's pro forma operating capital consists of the difference between Cloetta Fazer's and new Cloetta's operating capital

<u>Pro-forma results 2007, MSEK</u>	<u>Cloetta Fazer before dividends</u>	<u>New Cloetta Pro forma</u>	<u>Fazer Confectionery Pro forma after dividends</u>
Net Sales	3 253	846	2 407
Operating profit excluding restructuring costs	335	53	233
Operating profit	313	33	231
<u>Key figures:</u>			
Operating margin	9,6%	3,9%	9,6%
Operating margin excluding restructuring costs	10,3%	6,3%	9,7%
Depreciation	132	37	95
Operating profit before depreciation (EBITDA), excluding restructuring costs	467	90	328
Operating profit before depreciation (EBITDA)	445	70	326
Net receivables	1 054	160	894
<u>Pro-forma operating capital 31 December 2007, MSEK</u>			
Intangible assets ³	247	237	10

³ Due to reduced economies of scale, parts of goodwill and brands might have to be written down. The assessment that are to be made will conclude if such a need exists

Tangible assets	1 111	375	736
Inventories	331	118	213
Current receivables	474	165	309
<u>Less:</u>			
Deferred tax liabilities	189	108	81
Other provisions	138	17	121
Current liabilities	404	206	198
Operating Capital	1 432	564	868

Timeframe for implementation

Cloetta Fazer intends to shortly after the annual general meeting at the 16th of June 2008 summon for an extra general meeting that most likely will take place at the 25th of July 2008. At the extra general meeting the shareholders will decide on the principles of the de-merger, the shorter current financial year to 31 August 2008, and the decrease in statutory reserves. Information about the de-merger will be distributed to all shareholders in good time ahead of the extra general meeting.

The de-merger of Cloetta Fazer will be initiated during the summer of 2008 and is estimated to be completed in the turn of 2008. The de-merger will be carried out in a responsible way considering Cloetta Fazer's clients, employees and all shareholders in order to create the best conditions for Cloetta and Fazer Confectionery's future operations.

The shares in Cloetta Fazer will remain listed on the OMX Nordic Exchange Stockholm until the de-merger is completed in the beginning of 2009.

During the summer and fall, preparations to list new Cloetta on the OMX Nordic Exchange Stockholm during the second half of 2008 will be carried out.

The new Cloetta intends to apply for listing on OMX Nordic Exchange Stockholm.

The acceptance period for the offer is expected to begin on 1 December 2008 and end around 22 December 2008. At the same time, the shares in the new Cloetta will be received by the shareholders of Cloetta Fazer, subject to the decision of the general meeting of Cloetta Fazer during the fall of 2008. The record date with the VPC for receiving shares in the new Cloetta is expected to take place during the first week of December.