

BILLERUD'S RIGHTS ISSUE 2009

Questions & Answers

General questions

1. How large is the rights issue?

The rights issue will raise approximately MSEK 978 before issue costs. Issue costs are estimated at approximately MSEK 50.

2. Why is Billerud raising capital?

During 2005 and 2006, Billerud invested over SEK 1.0 billion in expanded production of own energy. These highly profitable investments were financed with bank debt, which resulted in an increase in Billerud's net debt/equity ratio above that of Billerud's financial target.

In light of the current weak economic climate and the prevailing uncertainty that is evident in the credit markets, Billerud believes it is prudent to return to previously lower levels of gearing.

In addition, a lower financial gearing is expected to be positive for Billerud's business by increasing the Company's ability to handle uncertainty and enabling the Company to take advantage of business opportunities. It will also make Billerud a stronger and more attractive counterparty for customers and suppliers, as well as in the capital market.

3. Have Billerud's banks put forward demands for a rights issue?

No such demands have been put forward.

4. How did you arrive at the rights issue amount?

The offering amount has, in part, been set to secure a sound balance sheet with adequate financial flexibility. The amount has also been set to facilitate the development and strengthening of our market position versus our competitors. This will be especially important when the economic climate improves and the market finally recovers.

5. Why have you not taken in capital earlier?

Historically, Billerud has delivered strong results and cash flows to its shareholders. Since its listing on the stock market in 2001, Billerud has delivered an average return on capital employed of around 15%. The financing of the investments that were made during 2005 and 2006, however, caused our net debt/equity ratio to increase to a level above our financial targets. Through the rights issue, we will be able to reduce net debt as well as repay a portion of these loans. It is our aim, and highest priority, to continue giving our shareholders a sound return on the money they invest in Billerud

6. Is the rights issue underwritten?

Yes, the rights issue is, provided that certain terms are met, fully underwritten by certain major shareholders, as well as from Billerud's financing banks (Danske Markets, Handelsbanken Capital Markets, Nordea and SEB).

7. What will the proceeds from the rights issue be used for?

The proceeds will be used in the company to strengthen the capital base, but also to create an adequate financial margin by e.g. repaying a portion of our loans. How much of the loans that will be repaid has not yet been decided upon. In addition, the rights issue enables us to take advantage of business opportunities within Billerud's prioritised segments.

8. Will your dividend policy be affected by the rights issue?

No, the rights issue will not affect our current dividend policy.

9. Are the proceeds from the rights issue sufficient, or is there a risk that you will have to complete another rights issue in a few months?

It is our belief that Billerud's financial situation after the rights issue will be satisfactory. Therefore, we have no plans of raising additional equity within a foreseeable future.

10. What commitments have been made by Billerud's existing shareholders?

Billerud's largest shareholder, Frapag Beteiligungsholding AG, and another one of Billerud's larger shareholders, Apoteket ABs Pensionsstiftelse support the rights issue and have committed, provided that certain terms are met, to subscribe for their respective pro rata shares in the rights issue, corresponding to approximately 23 percent of the rights issue. In addition, Apoteket ABs Pensionsstiftelse has agreed, provided that certain terms are met, to subscribe for additional shares corresponding to approximately 4.5 percent of the rights issue, which increases the total commitment from shareholders to approximately 27 percent of the rights issue. The remainder of the rights issue is, subject to customary conditions, fully underwritten by Danske Markets, Handelsbanken Capital Markets, Nordea and SEB. Consequently, the rights issue is fully covered by subscription commitments and guarantees.

11. Will the Board of Directors and Group Management subscribe for new shares in the rights issue?

The Board of Directors and Group Management in Billerud have informed that they intend to subscribe for their respective pro rata shares in the rights issue.

Details about the rights issue

12. How can I receive further information about the rights issue?

A prospectus, with full details about the rights issue will be published on or about September 1, 2009. At the same time, the prospectus will be sent via mail to current directly registered shareholders, i.e. investors whose shares are registered on a VP account. Investors who own their shares in Billerud through a nominee account will receive further instructions from their nominee on how to act.

13. What are the terms and conditions of the rights issue?

For every existing share in Billerud the holder is entitled to one subscription right, and one subscription right entitles the holder to subscribe for one new share. The subscription price is SEK 19 per share, which means that the rights issue will raise a maximum of approximately MSEK 978, before issue costs, through the issue of no more than 51,491,570 new shares.

14. Why are the new shares expected to be offered at a discount to the share price?

It is considered market practice to issue new shares at a certain discount. This is done to create economic value in the subscription rights, thus increasing the likelihood of the rights issue being fully subscribed for. It should, however, be noted that this discount has no effect on the economic value of holdings for existing shareholders, as long as they exercise all of the received subscription rights to purchase new shares or, alternatively, sell the subscription rights.

15. What is the discount to the share price in the rights offering?

The subscription price corresponds to a discount of approximately 41 percent, compared to the theoretical share price of SEK 32, based on Billerud's closing share price as of August 24, 2009.

It should, however, be noted that this discount is only a technical effect of how the value is distributed between the shares and the subscription rights. The discount has no effect on the economic value of holdings for existing shareholders, as long as they exercise all of the received subscription rights to purchase new shares or, alternatively, sell the subscription rights. A lower subscription price yields increases the value of the subscription rights.

16. What if I cannot afford to subscribe for new shares in the rights issue?

The subscription rights you receive are expected to have an economic value. As a result, you should consider selling part of your subscription rights to finance the subscription of new shares. In order to avoid losing the value inherent in the subscription rights, you must either subscribe for new shares in the rights issue, no later than September 23, 2009 or sell your subscription rights, no later than September 18, 2009.

17. When is the record date?

Tuesday September 1, 2009.

18. How long is the rights trading period?

September 4-18, 2009. Trading with subscription rights takes place on NASDAQ OMX.

19. How long is the subscription period?

September 4-23, 2009.

20. How do I subscribe for new shares?

If you are a directly registered shareholder, i.e. if it says on your account statement that the shares are registered on a VP account

Use the pre-printed bank giro form that will be sent to you by mail. Alternatively, you can subscribe through the subscription form that will be made available at your local Handelsbanken office.

If you are a nominee-registered shareholder, i.e. if your shares are registered on a nominee account

You should follow the instructions from your nominee. This is important as e.g. the last day for nominee-registered shareholders to subscribe for new shares may differ from the time period indicated, in the prospectus, for directly registered shareholders.

21. What is the subscription price?

The subscription price is SEK 19 per share.

22. What happens if I do nothing with my subscription rights?

If the share price in Billerud is higher than the subscription price, the subscription rights will have an economic value. In order to avoid losing value, as a directly registered shareholder (see above), you either have to subscribe for new shares in the rights issue, no later than September 23, 2009 or sell your subscription rights, no later than September 18, 2009. If you are a nominee-registered shareholder, you should follow the instructions given to you by your nominee.

23. I am currently not a shareholder. Can I still subscribe for new shares in the rights issue?

Investors who are registered in the share register on the record date, Tuesday September 1, 2009 will receive subscription rights corresponding to their holding. Investors who are not a registered shareholder on this day can still subscribe for shares without holding subscription rights (i.e. subscription without preferential right). In such a case, however, the investor is not guaranteed to receive new shares.

To subscribe for shares without preferential rights, you can download a subscription form from Billerud's website or www.handelsbanken.se/aktuellaerbjudanden, or ask for a subscription form at a local Handelsbanken office in Sweden.

You can also purchase subscription rights in the market and subscribe for shares.

24. Is this an attractive investment for a private individual?

This is an assessment that one needs to make individually. To avoid losing the economic value of your subscription rights, however, we recommend all shareholders to act upon the offer, either by exercising their subscription rights, or by considering selling these subscription rights.

25. As a shareholder, what are my alternatives in the rights issue?

You have two options; you either decide to subscribe for new shares with the subscription rights that you have received, or you should consider selling these in order to avoid losing the economic value of your subscription rights.

26. How can I buy/sell subscription rights?

This is done in the same way you would buy e.g. ordinary shares, that is, through your bank or nominee.

27. Will the new shares entitle the holder to dividends?

The newly issued shares will entitle the holder to dividends in the same way your current shares do today. The earliest entitlement to dividends, however, occurs on the record date after the rights issue has been registered with the Swedish Company Registration Office, SCRO (*Sw: Bolagsverket*).

General questions regarding rights issues

28. What is a rights issue?

A rights issue means that a company issues new shares to current and/or new shareholders, in exchange for a capital injection, thus raising more capital to the business.

29. What is a subscription right?

A subscription right is a financial instrument that entitles the holder to subscribe for a certain number of new shares at a defined subscription price.

30. What is an interim share ("BTA")?

Shares that have been subscribed for with preferential rights are converted to interim shares on your VP account until the registration of the rights issue has been completed with the Swedish Company Registration Office, SCRO (*Sw: Bolagsverket*).

31. What is the theoretical share price ("TERP")?

The theoretical share price is the calculated share price that the Billerud share is expected to trade at, after the right to receive subscription rights has been forfeited. This is referred to as the Theoretical Ex-Rights Price (TERP). It can be calculated as follows:

$$\text{TERP} = \frac{\text{Billerud's market capitalisation before the rights issue} + \text{Rights issue proceeds}}{\text{Number of shares in Billerud before the rights issue} + \text{Number of newly issued shares through the rights issue}}$$

32. How is the value of my subscription rights calculated?

Theoretically, the economic value of your subscription rights is equal to the difference in value between the theoretical share price and the subscription price for one new share.

33. What is the record date?

The record date is the day on which you must be registered as a shareholder in Billerud, in order to receive subscription rights corresponding to your holding of shares. For this rights issue, the record date is September 1, 2009. It should be noted that it takes three business days for a purchase of shares to register as a share holding. In other words, the last day to trade with the right to participate in the rights issue was August 27, 2009.

34. What does it mean that the rights issue is made with preferential right for existing shareholders?

It means that investors, who are registered in the share register on the record date (September 1, 2009), will receive subscription rights corresponding to their holdings. These shareholders will have preferential rights to subscribe for new shares. The preferential right is represented by the assigned subscription rights.