

The Board's proposal for appropriation of profit and explanatory statement in accordance with chapter 18 § 4 of the Swedish Companies Act (item 10b on the agenda)

The Board of Directors proposes that the Annual General Meeting of 29 April 2008 decides to pay a dividend of SEK 3.50 per share and Monday 5 May 2008 as record day for the dividend. If the Meeting approves the Board's proposal, payment via VPC AB is expected to be sent on Thursday 8 May 2008.

The board submits the following explanatory statement in accordance with chapter 18 § 4 of the Swedish companies act (2005:551).

As presented on page 85 of the 2007 annual report, non-restricted shareholders' equity in the parent company, Billerud AB, amounted to MSEK 549 on 31 December 2007. The Billerud Board proposes that the dividend for 2007 be SEK 3.50 per share or a total of MSEK 180. The remaining amount shall be carried forward in a new account. The reason for this proposal is as follows:

According to Billerud's financial goals the dividend shall be 50% of the net profit over a business cycle. The Board's proposal means that the dividend for 2007 will be 54% of the net profit.

At the end of 2007 Billerud's net debt/equity ratio was 0.90 and was expected to fall by the end of 2008. The fact that the net debt/equity ratio is above the target of 0.6 to 0.9 is due exclusively to the fact that major investments were made in energy equipment in the period 2004 to 2006. These investments have a short payback time and are expected to produce an increase in profit before depreciation of some MSEK 250 per year. The operating margin of the business improved slightly in 2006 compared with 2007. The cash flow achieved in 2006 and 2007 in addition to the lower investment level predicted for primarily 2009 mean that there is every prospect that the debt/equity target will be achieved in coming years.

Billerud AB (publ)

The Board of Directors

March 2008