

NORWEGIAN COMPETITION AUTHORITY

POSTBOKS 439 SENTRUM

5805 BERGEN

STANDARDIZED NOTIFICATION OF A CONCENTRATION

We hereby provide the Competition Authority with a standardized merger notification (alminnelig melding) in accordance with section 18 first and second paragraphs of the Competition Act. The notification follows the order of the standard notification scheme.

Oy Karl Fazer Ab and AB Malfors Promotor are contemplating a transaction in which Fazer would acquire sole control over parts of Cloetta Fazer AB's (publ) current business through a public tender offer.

1. NOTIFYING PARTY(IES)

1.1. Notifying party

1.1.1. Company information

Name: Oy Karl Fazer Ab
Undertaking registration number: 0202669-3
Address: Kluuvikatu 3 A
Postal code: 00101
City, Country: Helsinki, Finland
Telephone: +358 20 555 3000
Fax: +358 20 555 3128
Contact person: Karsten Slotte (CEO)
E-mail: karsten.slotte@fazer.fi

1.1.2. Contact person /representative

Name: Hannes Snellman Attorneys at Law Ltd
Address: Eteläranta 8 / P.O. Box 333
Postal code: 00130
City, Country: Helsinki, Finland
Contact Person: Mikael Wahlbeck / Toni Malminen
Job title: Attorney at Law / Associate Lawyer
Telephone: +358 9 2288 4331 / +358 9 2288 4438
Fax: +358 9 636 992
E-mail: mikael.wahlbeck@hannessnellman.com
/toni.malminen@hannessnellman.com

2. ADDITIONAL UNDERTAKINGS CONCERNED

Name: Fazer Confectionery / parts of Cloetta Fazer AB (publ)
 Undertaking registration number: 5560142357
 Address: Hjalmar Svenfelts väg
 Postal code: SE-590 69
 City, Country: Ljungsbro, Sweden
 Telephone: +4613-28 50 00
 Fax: +4613-655 60
 Contact person: Jesper Åberg (CEO)
 E-mail: jesper.berg@cloettafazer.se

3. NATURE OF THE CONCENTRATION

Acquisition

Date of the final agreement of control: 16 June 2008

Oy Karl Fazer Ab ("**Fazer**") and AB Malfors Promotor ("**MP**") are currently the largest shareholders in Cloetta Fazer AB (publ) ("**CF**"). CF was formed in 1999/2000 through a merger between Cloetta AB ("**Cloetta**") and the confectionery division of Fazer. The merger was notified to and cleared by the competition authorities in Finland, Norway, Poland and Sweden.

In 2005, Fazer made a public tender offer for all shares in CF. The contemplated acquisition was notified to and cleared by the competition authorities in Finland, Norway, Poland and Sweden.

Fazer and MP are contemplating a transaction in which Fazer would acquire sole control over parts of CF's current business ("**Fazer Confectionery**") through a public tender offer (the "**Transaction**"). MP would, in its turn, acquire the remaining parts of CF's current business ("**Nya Cloetta**").

The Transaction shall involve the following main steps:

- Fazer will launch a public tender offer to acquire the shares in CF.
- The subsidiaries and businesses related to the Cloetta brand will be separated within CF to the separate unit Nya Cloetta.
- The current shareholders of CF will receive dividends in the form of shares in Nya Cloetta.
- Nya Cloetta will be listed on the OMX Nordic Exchange Stockholm or another market place.

- Fazer will use the shares in Nya Cloetta it has received as dividend as partial consideration in the public tender offer for the shares in CF. The Nya Cloetta shares held by Fazer not utilized in such a way will be sold to MP.

The structure of the Transaction is described in more detail in the attached press releases ([Annex 1](#)).

4. STRUCTURE AND ACTIVITIES OF THE UNDERTAKINGS

4.1. Fazer

Fazer is a limited liability company incorporated and existing under the laws of Finland. Its registered domicile is at Kluuvikatu 3 A, 00101 Helsinki, Finland, and its business identity code is 0202669-3.

Fazer is a parent company to a group of companies which offer food services and bakery products. The Fazer group has three business divisions: Fazer Amica, Fazer Bakeries and Fazer Russia.

Fazer Amica is a contract catering company which has approx. 1400 catering restaurants in the Nordic and Baltic countries and Russia. *Fazer Bakeries* produce and sell bakery products which are manufactured in Finland, Sweden, and the Baltic countries and exported to 15 countries. *Fazer Russia* is responsible for Fazer's bakery operations in Russia. In Norway, Fazer provides catering services.

For additional information on Fazer, please see the organizational chart attached as [Annex 2](#).

4.2. Fazer Confectionery

CF is a manufacturer of chocolate and sugar confectionery, pastilles and chewing gum. CF is a public limited liability company incorporated and existing under the laws of Sweden. It was formed in 1999/2000 through the merger of Cloetta and Fazer's confectionery business.

CF has two umbrella product brands: Cloetta and Fazer. Fazer Confectionery will comprise the former confectionery division of Fazer that was merged with Cloetta in 1999/2000. It includes brands such as Karl Fazer, Dumle, Geisha, Tutti Frutti, Salta katten/Pantteri, Ässä, Marianne, Tyrkisk Peber, Kismet, Sufeli, Pätkis, Fami, Jim, Omar and Da Capo. In addition, Fazer Confectionery will include the chewing gum manufacturer Fennobon Oy, acquired by CF in 2007. In Norway, Fazer Confectionery operates in the sugar and chocolate confectionery segments.

For additional information on Fazer Confectionery, please see the organizational chart attached as [Annex 3](#). Of the CF companies listed in the chart, the following will be part of Fazer Confectionery: Cloetta Fazer Choklad Ab,

Cloetta Fazer Konfektyr Ab, Cloetta Fazer International Ab, Fennobon Oy, OOO Cloetta Fazer, Oy NIS – Nordic Industrial Sales Ab (51 %).

5. TURNOVER AND OPERATING PROFIT IN NORWAY

| | Name | Turnover (in NOK 1000) | Operating profit (in NOK 1000) |
|---|---------------------|---------------------------|-----------------------------------|
| Notifying party (from item 1.1): | Oy Karl Fazer Ab | [REDACTED] | [REDACTED] |
| Additional notifying party (from item 1.2) | | | |
| Other notifying party (from attachment, if any) | | | |
| Other undertaking involved (from item 2.1) | Fazer Confectionery | [REDACTED] | [REDACTED] |
| Other undertaking involved (from item 2.2) | | | |
| Other undertaking concerned (from attachment, if any) | | | |

6. MARKETS AFFECTED BY THE CONCENTRATION

The parties of the Transaction do not have any overlapping activities. The Candyking group of companies, previously owned by Fazer, was divested in February 2008.

In fact, the Transaction constitutes a demerger as Fazer (through Fazer Confectionery) and MP (through Nya Cloetta) will become competitors post-Transaction.

6.1. Relevant product markets

Fazer Confectionery manufactures chocolate and sugar confectionery, pastilles and chewing gum.

In its case law, the European Commission has considered that the market for confectionery can be further subdivided into separate segments for (i) sugar confectionery and (ii) chocolate confectionery. Sugar confectionery comprises candies prepared by dissolving sugar in water or milk and processing it to different types of sweets as well as pastilles which have more refreshing characteristics. The sugar confectionery segment includes various products such as toffee, marshmallows, hard-boiled candy, assorted jellies and liquorice. The chocolate confectionery segment includes the following products: chocolate bars, filled chocolates, countlines (candy bars) and rolls.¹

The confectionery market could possibly be segmented as follows:

¹ See e.g. case M.2072 - Philip Morris/Nabisco, Commission decision of 16.10.2000.

- Chocolate confectionery
- Sugar confectionery
- Pastilles
- Chewing gum

It could be noted, however, that these segments do not necessarily constitute separate relevant product markets.

6.2. Relevant geographic markets

The relevant geographic market for confectionery products has in some previous cases been considered as national in scope.² This could be true from the consumers' perspective, although for Fazer Confectionery's clients (i.e. mostly chains of daily consumer good stores), the geographic market could be deemed wider. This results mainly from the fact that the clients to a growing extent realize their purchases on at least a Nordic level.

6.3. Markets affected by the transaction

There are no affected markets in Norway or in any other jurisdiction.

7. ANNUAL REPORT AND ANNUAL ACCOUNTS

Annual report for the Fazer Group is available in English at [http://www.fazergroup.com/templates/Fazer Information.aspx?id=1735&epslanguage=EN](http://www.fazergroup.com/templates/Fazer%20Information.aspx?id=1735&epslanguage=EN)

Annual report for the Cloetta Group is available in English at <http://www.cloettafazer.se/en/Financials/Annual-report.aspx>

8. OTHER INFORMATION

The Transaction will also be notified in Estonia, Finland, Russia, and Sweden.

9. PUBLIC ACCESS

The parties ask for a permanent confidential treatment of the information in Section 5 and Annexes 2 and 3.

² See e.g. case M.2072 - Philip Morris/Nabisco, Commission decision of 16.10.2000.

10.

SIGNATURES

Helsinki, Finland

17 June 2008



Mikael Wahlbeck



Toni Malminen

Appointed Representatives of Oy Karl Fazer Ab