

**Questions and answers related to
Stora Enso forest restructuring**

16 May 2002

Why is Stora Enso restructuring its forest ownership? What are the real benefits of the restructuring?

The decision is in line with the Company's strategy of releasing capital in order to develop its core businesses and reduce debt. It will also ensure access to the most competitive fibre from socially and environmentally sound sources.

Why is it happening now?

Stora Enso continuously evaluates the financial performance of all its assets. The project has been some time in preparation, now it can be publicised.

How will Stora Enso's forest ownership be restructured?

- **Finland:** *Stora Enso plans to incorporate about 600 000 hectares of Finnish forestland in July 2002. The new company will be named Tornator Oy. The target is to reduce Stora Enso's ownership to minority ownership by selling shares in the new company to Finnish and international institutional investors. Tornator will own and manage the former Stora Enso forestland, sell timber-cutting rights and offer forest management services to private forest owners in Finland.*

Stora Enso and Tornator will enter into a wood procurement agreement according to which Tornator will supply approximately 1.5 million cubic metres of timber-cutting rights annually to Stora Enso, representing 6% of Stora Enso's annual wood requirement in Finland.

Stora Enso Metsä will remain responsible for Stora Enso's wood procurement and the wood supply for the Group's Finnish mills.

- **United States:** *Stora Enso will sell its 130 000 hectares of forestland directly to institutional forest owners.*

How much land is involved and what is the value of the assets?

About 730 000 hectares of forestland in Finland and in the United States with a book value of about EUR 500 million:

- *about 600 000 hectares in **Finland** with a book value of some EUR 400 million, representing 6% of Stora Enso's annual wood requirement in Finland;*
- *some 130 000 hectares in the **United States** in the states of Wisconsin, Michigan and Minnesota with book value of some EUR 100 million, representing 10% of Stora Enso North America's US fibre requirements.*

The total book value of Stora Enso's forest holding in Finland, the USA and Sweden is about EUR 1.3 billion and the market value about EUR 2.5 billion.

What is the timetable for the restructuring?

- *In **Finland** the land will be incorporated in July 2002. By the end of the year 2002 Stora Enso's ownership will have been reduced to minority ownership by selling shares to institutional investors.*
- *In the **United States** sales to institutional forest owners are expected to be finalised by the end of the year at the latest.*

Stora Enso has sold its energy business and now the forests are for sale. Can we expect further sales?

All our decisions are based on our financial targets and long-term strategic goals, and Stora Enso continuously evaluates the financial performance of all its assets.

Will the restructuring affect concession areas in Brazil and Indonesia too?

Stora Enso's concession areas are new plantations from which more short fibre will be derived in the future. This restructuring will not have any direct impact on concession areas.

How will the restructuring affect wood procurement and the price of wood?

Stora Enso does not expect the changes to have significant effects on its wood procurement or on wood prices. The proposed structure will guarantee the future wood supply as wood flows will be secured through long-term contracts.

The average sales price for forestland in Finland according to statistics is EUR 1 500 per hectare. Why is the anticipated market value lower than this?

A lot of the forest in Finland is acquired for recreational purposes or comprises only small areas of forest. In larger transactions the price of the forest is determined by its financial value.

How will the revenues from this restructuring be used?

The revenues will be used to develop Stora Enso's core businesses and reduce debt.

Which investment banks have assisted in preparations for the restructuring?

- **Finland:** Mandatum & Co and Morgan Stanley
- **United States:** UBS Warburg

What is the annual return on the forest assets?

With the current capital structure and the historical acquisition values, the return on forest assets has been some 6-7%. The return does not meet Stora Enso's requirements of 13 %. However, it is a secure and stable return for a certain type of investor.

What will happen to the employees of Stora Enso Metsä (Forest) in the short and long term?

- **Finland:** The new company will have some 50 salaried employees and some 180 forest workers, who will be transferred or recruited from Stora Enso as existing employees. Statutory employer-employee negotiations (YT) will start immediately. Stora Enso Metsä (Forest) will remain responsible for Stora Enso's wood procurement and the wood supply for the Group's Finnish mills. The restructuring is not expected to lead to any direct redundancies.
- **United States:** Stora Enso North America is currently evaluating the organisational structure of the forest resources unit. The results of the evaluation will not be complete until after the sale has been finalised.

Will the restructuring affect Stora Enso's environmental performance?

A fundamental principle is that the restructuring will not adversely affect our environmental performance.

Where will Tornator be domiciled and where will the head office be located?

Who will be its Managing Director?

The domicile and the head office will be in Imatra, Finland. The Managing Director will be Arto Huurinainen.

What sort of new modes of operation could be expected in the future?

We will follow the market and actively search for new business opportunities. In addition, Tornator forest ownership will be restructured further by selling about 20 000 hectares of isolated forest blocks to the public.

If other paper companies were to incorporate their forests in a similar way, would that have an effect on the Tornator's operations?

No. The forests of other forest companies are already utilised in line with the principle of sustainable harvesting, so the total amount of timber supplied to the market would not change materially.

Can Tornator provide forest services to Stora Enso's competitors on similar terms as to Stora Enso?

Yes, there will not be any restrictions regarding that. Tornator will act as an independent company in its relationship with Stora Enso and others as well.

How will the restructuring affect forest owners and subcontractors?

The restructuring will not affect current contracts with forest owners or subcontractors responsible for harvesting or transportation. Stora Enso Metsä (Forest) will continue to procure wood and collaborate with subcontractors as previously. Contractor agreements related to forest management will be transferred to Tornator.