STORAENSO

"planting for our future...

financial performance 2009

...for profit"

Stora Enso is a global paper, packaging and wood products company producing newsprint and book paper, magazine paper, fine paper, consumer board, industrial packaging and wood products.

The Group has some 27 000 employees and 88 production facilities in more than 35 countries worldwide, and is a publicly traded company listed in Helsinki and Stockholm. Our customers include publishers, printing houses and paper merchants, as well as the packaging, joinery and construction industries.

Our annual production capacity is 12.7 million tonnes of paper and board, 1.5 billion square metres of corrugated packaging and 6.9 million cubic metres of sawn wood products, including 3.1 million cubic metres of value-added products. Our sales in 2009 were EUR 8.9 billion, with an operating profit excluding non-recurring items and fair valuations of EUR 320.5 million.

Stora Enso's company mission is to use and develop its expertise in renewable materials to meet the needs of its customers and many of today's global raw material challenges. Our products provide a climate-friendly alternative to many products made from competing non-renewable materials, and have a smaller carbon footprint. Our solutions based on wood therefore have wide-reaching benefits for us as a business, a people and a planet. Sustainability – meaning economic, social and environmental responsibility – underpins our thinking and our approach to every aspect of doing business.

Stora Enso will focus more on growth markets in China and Latin America, and fibre-based packaging, plantation-based pulp and selected paper grades. Fibre-based packaging offers steady long-term growth in most segments and has vast innovation opportunities, offering sustainable new solutions for our customers. Plantation-based pulp allows us to secure low-cost fibre for production.

Content

Stora Enso in Capital Markets

Shares and shareholders

Shares and voting rights

Stora Enso Oyj's (hereafter "Company" or "Stora Enso") shares are divided into A and R shares. The A and R shares entitle holders to the same dividend but different voting rights. Each A share and each ten R shares carry one vote at a shareholders' meeting. However, each shareholder has at least one vote.

On 31 December 2009 Stora Enso had 177 150 084 A shares and 612 388 415 R shares in issue, of which the Company held no A shares and 918 512 R shares with a nominal value of EUR 1.6 million. The holding represents 0.12% of the Company's share capital and 0.04% of voting rights. The total number of Stora Enso shares in issue was 789 538 499 and the total number of votes 238 388 926.

Share listings

Stora Enso shares are listed on NASDAQ OMX Helsinki and NASDAQ OMX Stockholm. Stora Enso shares are quoted in Helsinki in Euros (EUR) and in Stockholm in Swedish krona (SEK).

American Depositary Receipts (ADRs)

Stora Enso has a sponsored Level I American Depositary Receipts (ADR) facility, and following the delisting from NYSE on 28 December 2007, Stora Enso's ADRs are traded on the International OTCQX. The ratio between Stora Enso ADRs and R shares is 1:1, i.e. one ADR represents one Stora Enso R share. Deutsche Bank Trust Company Americas acts as depositary bank for the Stora Enso ADR programme. The trading symbol is SEOAY and the CUSIP is 86210M106.

Share registers

The Company's shares are entered in the Book-Entry Securities System maintained by Euroclear Finland Oy (formerly Finnish Central Securities Depository, FCSD), which also maintains the official share register of Stora Enso Oyj.

On 31 December 2009, 158 848 890 of the Company's shares were registered in Euroclear Sweden AB (formerly Swedish Central Securities Depository, VPC) and 44 699 392 of the Company's R shares were registered in ADR form in Deutsche Bank Trust Company Americas.

Distribution by Book-Entry System, 31 December 2009

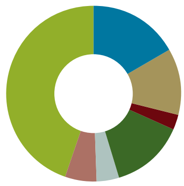
Number of shares	Total	A shares	R shares
Euroclear Finland Oy	585 990 217	103 062 674	482 927 543
Euroclear Sweden AB*	158 848 890	74 087 410	84 761 480
Deutsche Bank administered ADRs*	44 699 392	-	44 699 392
Total	**789 538 499**	**177 150 084**	**612 388 415**

* Shares registered in Euroclear Sweden and ADRs are both nominee registered in Euroclear Finland.

Ownership Distribution, 31 December 2009

	% of shares	% of votes	% of shareholders
Finnish institutions	16.7	22.3	2.2
Solidium Oy*	12.3	25.1	0.0
Finnish private shareholders	2.7	2.0	33.7
Swedish institutions	13.7	30.7	2.8
Swedish private shareholders	4.2	3.1	56.8
ADR holders	5.7	1.9	2.7
Under nominee names (non-Finnish/non-Swedish shareholders)	44.6	15.0	1.9

% of shares held



* Entirely owned by the Finnish State

Share capital

In accordance with the Articles of Association, the minimum share capital of Stora Enso Oyj is EUR 850 million and the maximum EUR 3 400 million within which limits the share capital may be increased or decreased without amending the Articles of Association. The nominal value of the shares is EUR 1.70 per share. On 31 December 2009 the Company's fully paid-up share capital entered in the Finnish Trade Register was EUR 1 342.2 million.

Conversion

According to the Articles of Association, holders of Stora Enso A shares may convert these shares into R shares at any time. Conversion of shares is voluntary. During the year a total of 2 397 A shares were converted into R shares. The latest conversion was recorded in the Finnish Trade Register on 14 August 2009.

Changes in Share Capital 2004–2009

	No. of A shares issued	No. of R shares issued	Total no. of shares	Share capital (EUR million)
Stora Enso Oyj, 1 Jan 2004	**181 211 080**	**683 051 419**	**864 262 499**	**1 469.3**
Warrants exercised and registered during the year	-	789 000	789 000	-
Cancellation of repurchased shares, 5 Apr 2004	-8 100	-27 800 000	-27 808 100	-47.3
Conversion of A shares into R shares, Jan–Nov 2004	-2 154 457	2 154 457	-	-
Stora Enso Oyj, 31 Dec 2004	**179 048 523**	**658 194 876**	**837 243 399**	**1 423.3**
Cancellation of repurchased shares, 31 Mar 2005	-16 300	-24 250 000	-24 266 300	-41.3
Conversion of A shares into R shares, Dec 2004–Nov 2005	-872 445	872 445	-	-
Stora Enso Oyj, 31 Dec 2005	**178 159 778**	**634 817 321**	**812 977 099**	**1 382.1**
Cancellation of repurchased shares, 31 Mar 2006	-38 600	-23 400 000	-23 438 600	-39.9
Conversion of A shares into R shares, Dec 2005–Nov 2006	-18 061	18 061	-	-
Stora Enso Oyj, 31 Dec 2006	**178 103 117**	**611 435 382**	**789 538 499**	**1 342.2**
Conversion of A shares into R shares, Dec 2006–Nov 2007	-624 084	624 084	-	-
Stora Enso Oyj, 31 Dec 2007	**177 479 033**	**612 059 466**	**789 538 499**	**1 342.2**
Conversion of A shares into R shares, Dec 2007–Nov 2008	-326 602	326 602	-	-
Stora Enso Oyj, 31 Dec 2008	**177 152 481**	**612 386 018**	**789 538 499**	**1 342.2**
Conversion of A shares into R shares, Dec 2008–Nov 2009	-2 397	2 397	-	-
Stora Enso Oyj, 31 Dec 2009	**177 150 084**	**612 388 415**	**789 538 499**	**1 342.2**

For more historical data about the share capital, please visit www.storaenso.com/investors

Stora Enso's activities in capital markets during 2009

The Investor Relations (IR) function was relocated from London to Helsinki in May 2009 to improve cost-effectiveness. Previously, Investor Relations activities were split between the Helsinki and London offices. Stora Enso's Investor Relations activities cover equity and fixed-income markets to ensure full and fair valuation of the Company's shares, continual access to funding sources and stable bond pricing. Investors and analysts in Europe, North America and parts of Latin America are met on a regular basis. In 2009 the IR team conducted a number of individual and group meetings with equity investors, whilst maintaining regular contact with equity research analysts at investment banks and brokerage firms. There were also meetings with fixed-income analysts and investors. In addition, site visits were arranged for members of the investment community. During the year, senior management and IR personnel also gave presentations at equity and fixed-income investor conferences in Scandinavia, Continental Europe, the United Kingdom and North America. Because of the reorganisation, no Capital Markets Day (CMD) was held in 2009. The next CMD will be in May 2010 in Helsinki and at Imatra mills, Finland.

Shareholdings of other Group-related bodies at 31 December 2009

E.J. Ljungberg's Education Foundation owned 1 780 540 A shares and 2 336 224 R shares, E.J. Ljungberg's Foundation owned 39 534 A shares and 101 579 R shares, Mr. and Mrs. Ljungberg's Testamentary Foundation owned 5 093 A shares and 13 085 R shares and Bergslaget's Healthcare Foundation owned 626 269 A shares and 1 609 483 R shares.

Shareholders

At the end of 2009 the Company had approximately 75 100 registered shareholders, including about 45 800 Swedish shareholders and about 2 000 ADR holders. Each nominee register is entered in the share register as one shareholder. Approximately 535 million (67.7%) of the Company's shares were registered in the name of a nominee.

The free float of shares excluding shareholders with holdings of more than 5% of shares or votes is approximately 570 million shares, which is 72% of the total number of shares issued. The largest single shareholder in the Company is Foundation Asset Management based in Sweden.

Major Shareholders as of 31 December 2009

By voting power	A shares	R shares	% of shares	% of votes
1 Foundation Asset Management	63 123 386	17 000 000[1)]	10.1	27.2
2 Solidium Oy[2)]	55 595 937	41 483 501	12.3	25.1
3 Social Insurance Institution of Finland	23 825 086	2 775 965	3.4	10.1
4 Varma Mutual Pension Insurance Company	15 572 117	140 874	2.0	6.5
5 Ilmarinen Mutual Pension Insurance Company	3 492 740	15 344 108	2.4	2.1
6 MP-Bolagen i Vetlanda AB (Werner von Seydlitz)	3 650 000	2 228 184	0.7	1.6
7 Erik Johan Ljungberg's Education Foundation	1 780 540	2 336 224	0.5	0.8
8 OP-Delta Investment Fund	0	9 999 856	1.3	0.4
9 Bergslaget's Healthcare Foundation	626 269	1 609 483	0.3	0.3
10 The State Pension Fund	0	6 500 000	0.8	0.3
11 Kaleva Mutual Insurance Company	618 789	0	0.1	0.3
12 Swedbank Robur Funds	0	3 945 230	0.5	0.2
13 Lamar Mary (ADRs)	0	3 600 000	0.5	0.2
14 Mutual Insurance Company Etera	0	3 392 914	0.4	0.1
15 SEB Investment Management	0	3 354 322	0.4	0.1
Total	**168 284 864**	**113 710 661**	**35.7[3)]**	**75.4[3)]**
Nominee-registered shares	74 361 877	460 184 458	67.7[3)]	50.5[3)]

1) As confirmed to Stora Enso
2) Entirely owned by the Finnish State
3) As some of the shareholdings on the list are nominee registered, the percentage figures do not add up to 100%.

The list has been compiled by the Company on the basis of shareholder information obtained from Euroclear Finland, Euroclear Sweden and a database managed by Deutsche Bank Trust Company Americas. This information includes only directly registered holdings, thus certain holdings (which may be substantial) of shares held in nominee or brokerage accounts cannot be included. The list is therefore incomplete.

Major changes in shareholdings

In January 2009 the Group was informed that the shares in the Company held by AXA S.A. and its subsidiaries (AXA Group) had decreased below 10% of the paid-up share capital on 5 January 2009.

In February 2009 the Group was informed that the shares in the Company held by Foundation Asset Management Sweden AB had increased above 10% of the paid-up share capital on 6 February 2009.

In March 2009 the Group was informed that AXA Group had continued to decrease its shareholding in Stora Enso. The shares in the Company held by AXA S.A. and its subsidiaries (AXA Group) had decreased below 5% of the paid-up share capital on 19 March 2009.

In April 2009 the Group was informed that the number of shares in the Company held by the funds managed by Orbis Investment Management Limited, Orbis Asset Management Limited and Orbis Portfolio Management (Europe) LLP had increased above 5% of the paid-up share capital and the number of shares in Stora Enso Oyj on 31 March 2009.

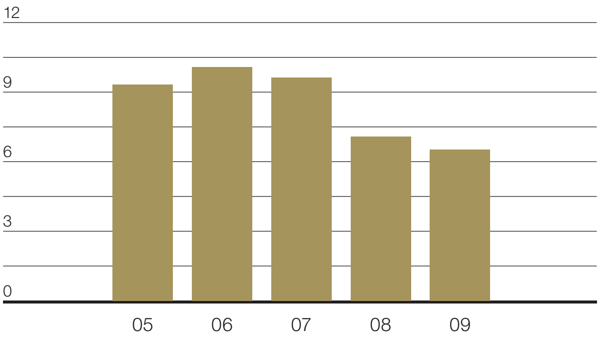
In May 2009 the Group was informed that the number of shares in the Company held by Norges Bank (Central Bank of Norway) had increased above 5% of the paid-up share capital and the number of shares in Stora Enso Oyj on 28 April 2009.

In May 2009 the Group was informed that the number of shares in the Company held by the funds managed by Orbis Investment Management Limited, Orbis Asset Management Limited and Orbis Portfolio Management (Europe) LLP had decreased below 5% of the paid-up share capital and the number of shares in Stora Enso Oyj on 6 May 2009.

In October 2009 the Group was informed that the number of shares in the Company held by Tradewinds Global Investors, LLC had decreased below 5% of the paid-up share capital and the number of shares in Stora Enso Oyj on 30 September 2009.

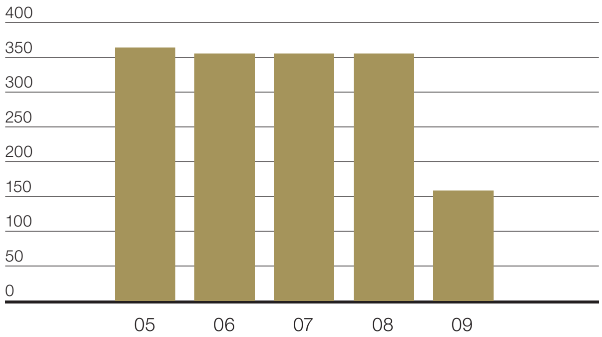
Equity per Share

EUR



Distributed Dividend/Capital Repayment

EUR million



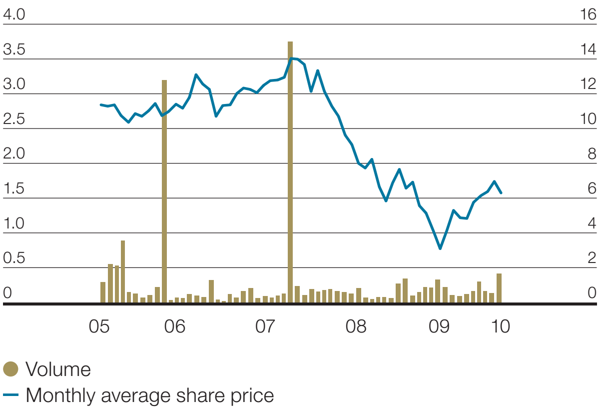
Share price performance and volumes

Helsinki

The Stora Enso R (STERV) share price decreased during 2009 by 12% (46% decrease in 2008). During the same period the OMX Helsinki Index increased by 19%, the OMX Helsinki Benchmark Index by 38% and the OMX Helsinki Materials Index by 19%.

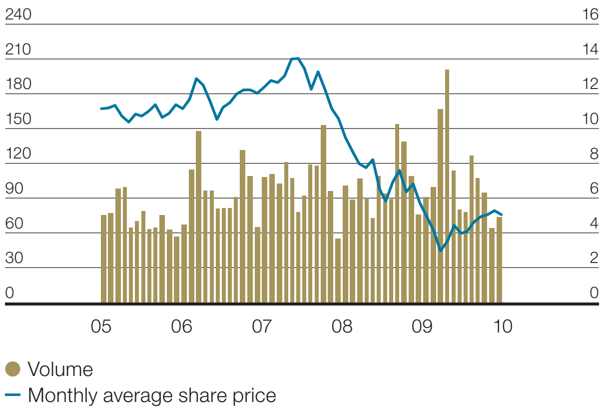
Stora Enso A

Number of shares, million | Share price (EUR)



Stora Enso R

Number of shares, million | Share price (EUR)



Stockholm

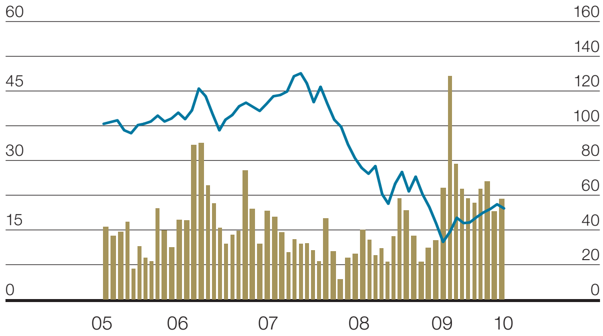
The Stora Enso R (STE R) share price decreased during 2009 by 18% (38% decrease in 2008). During the same period the OMX Stockholm 30 Index increased by 44% and the OMX Stockholm Materials index by 65%.

OTCQX

On the International OTCQX, the Stora Enso ADR (SEOAY) share price decreased during 2009 by 12% (47% decrease in 2008). During the same period the Standard & Poor's 500 Paper Products Index increased by 135%.

Stora Enso R

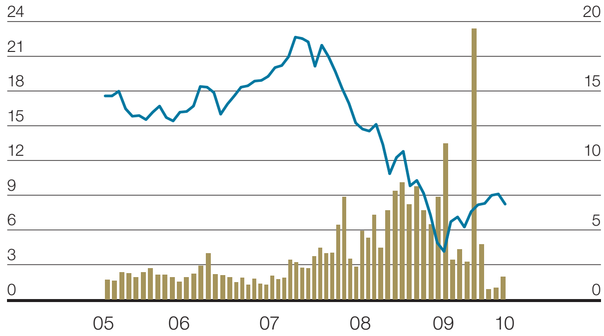
Number of shares, million | Share price (SEK)



● Volume
— Monthly average share price

Stora Enso ADR

Number of shares, million | Share price (USD)



● Volume
— Monthly average share price

Share Prices and Volumes 2009

		Helsinki, EUR	Stockholm, SEK	OTCQX, USD
	A share	7.55	77.00	-
High	R share	6.16	65.50	8.26
	A share	2.82	33.00	-
Low	R share	2.65	29.00	3.50
	A share	5.85	61.00	-
Closing, 31 Dec 2009	R share	4.88	50.00	6.89
	A share	4%	0%	-
Change from previous year, %	R share	-12%	-18%	-12%
	A share	2 535 643	2 735 148	-
Cumulative trading volume, no. of shares	R share	1 297 668 347	283 187 022	79 710 384

New trading venues

Stora Enso shares can be traded outside NASDAQ OMX Helsinki and NASDAQ OMX Stockholm, where the shares are listed. During 2009 new trading venues such as CHI-X, Turquoise, BATS and Burgundy increased their market share of monthly turnover in Stora Enso shares from 6% in January to 15% in December. Of these, CHI-X had the biggest share of the volume with 8% on an annual basis.

The volume-weighted average price of R shares over the year was EUR 4.27 in Helsinki (EUR 7.32 in 2008), SEK 45.99 in Stockholm (SEK 70.52 in 2008) and USD 6.17 on the International OTCQX (USD 10.47 in 2008). The total number of R shares traded was 1 297 668 347 shares (70% of total) in Helsinki, 283 187 022 shares (15% of total) in Stockholm, 79 710 384 shares (4% of total) on the International OTCQX and 198 272 354 shares in new trading venues (11% of total). Total market capitalisation on the OMX Nordic Exchange Helsinki at the year-end was EUR 4.0 billion.

Stora Enso R Share vs NASDAQ OMX Helsinki Indices

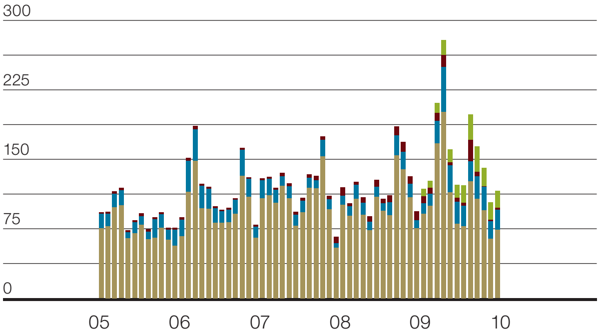
1.1.2005 = 100

● Stora Enso (EUR)
● OMX Helsinki Paper & Forest Products* (EUR)
● OMX Helsinki All-Share (EUR)

* From 1 October 2005 onwards. Until 30 September 2005 *HEX Forest Industry Index*, which was discontinued.

Monthly R Share Trading Volumes

Number of shares, million



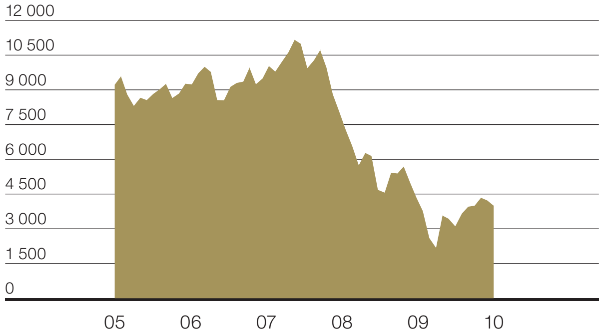
- Helsinki
- Stockholm
- OTCQX[1]
- New trading venues[2]

1) New York Stock Exchange until 28 December 2007

2) New trading venues data available from January 2009

Market Capitalisation on Nasdaq OMX Helsinki

EUR million



Stora Enso is included in at least the following indices

- OMX Helsinki
- OMX Helsinki 25
- OMX Helsinki Cap
- OMX Helsinki Benchmark
- OMX Helsinki Benchmark Cap
- OMX Helsinki Materials
- OMX Helsinki Paper & Forest Products

- OMX Stockholm
- OMX Stockholm Materials
- OMX Stockholm Paper & Forest Products

- OMX Nordic
- OMX Nordic Large Cap

- DJ STOXX Global 1800
- DJ STOXX 600
- DJ STOXX Mid 200
- DJ STOXX 600 Basic Resources
- DJ EURO STOXX
- DJ STOXX NORDIC
- DJ STOXX Sustainability

- FTSE RAFI All-World 3000
- FTSE RAFI Developed 1000
- FTSE RAFI Eurozone
- FTSE4Good
- FTSE4Good Global

- MSCI Finland
- MSCI Europe
- MSCI World

- ECPI Ethical Index Euro
- Ethibel Excellence Index
- Storebrand Best in Class
- World's Most Ethical Companies

Trading Codes, Lots and Currencies

	Helsinki	Stockholm	International OTCQX
A share	STEAV	STE A	-
R share	STERV	STE R	-
ADRs	-	-	SEOAY
Segment	Large Cap	Large Cap	-
Sector	Materials	Materials	-
Currency	EUR	SEK	USD
ISIN, A share	FI0009005953	FI0009007603	-
ISIN, R share	FI0009005961	FI0009007611	-
CUSIP	-	-	86210M106

Reuters	STERV.HE
Bloomberg	STERV FH EQUITY

Key Share Data 2000–2009, Total Operations (for calculations see page 128)

According to NASDAQ OMX Helsinki	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Earnings/share, EUR	-1.12	-0.85	-0.27	0.74	-0.14	0.91	0.16	-0.27	1.02	1.77
– diluted, EUR	-1.12	-0.85	-0.27	0.74	-0.14	0.91	0.17	-0.27	1.02	1.76
– excl. NRI, EUR	0.19	0.19	0.88	0.55	0.28	0.25	0.24	0.55	0.93	1.32
Cash earnings/share, EUR	0.35	1.01	2.11	2.34	1.65	2.04	1.57	2.50	2.42	3.16
– diluted, EUR	0.35	1.01	2.11	2.34	1.65	2.04	1.57	2.50	2.42	3.13
– excl. NRI, EUR	0.94	1.05	2.35	1.97	1.70	1.67	1.63	1.97	2.33	2.61
Equity/share, EUR	6.50	7.09	9.63	10.04	9.31	9.29	9.49	9.22	9.90	9.41
Dividend and distribution/share, EUR	0.20*	0.20	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
Payout ratio, excl. NRI, %	105	105	51	82	161	180	188	82	48	34
Dividend and distribution yield, %										
A share	3.4	3.6	4.4	3.7	3.9	3.9	4.1	4.5	3.2	3.5
R share	4.1	3.6	4.4	3.8	3.9	4.0	4.2	4.5	3.1	3.6
Price/earnings ratio (P/E), excl. NRI										
A share	30.8	29.6	11.6	22.4	40.9	46.2	44.0	17.7	15.1	9.7
R share	25.7	29.1	11.6	21.8	40.9	45.1	42.7	17.6	15.3	9.5
Share prices for the period, EUR										
A share										
– closing price	5.85	5.63	10.19	12.30	11.46	11.55	11.00	10.10	14.20	12.86
– average price	5.03	7.48	12.71	12.10	11.05	11.11	10.63	11.24	12.24	12.01
– high	7.55	11.20	14.65	13.80	12.19	12.15	12.48	16.00	15.50	18.70
– low	2.82	5.16	9.80	10.16	9.51	10.00	8.25	8.50	10.10	8.95
R share										
– closing price	4.88	5.52	10.24	12.00	11.44	11.27	10.68	10.05	14.38	12.60
– average price	4.27	7.32	12.67	11.89	10.98	10.89	10.23	12.86	12.57	11.27
– high	6.16	10.44	14.56	13.58	12.17	12.11	12.42	16.13	15.67	19.00
– low	2.65	5.10	9.99	10.01	10.05	9.60	8.30	8.41	10.12	8.70
Market capitalisation at year-end, EUR million										
A share	1 036	997	1 809	2 191	2 042	2 068	1 993	1 841	2 617	2 501
R share	2 988	3 380	6 267	7 337	7 262	7 418	7 295	7 211	10 389	9 232
Total	4 025	4 378	8 076	9 528	9 304	9 486	9 288	9 052	13 006	11 733
Number of shares at the end of period, (thousands)										
A share	177 151	177 152	177 479	178 103	178 160	179 049	181 211	182 317	184 274	194 496
R share	612 388	612 386	612 059	611 435	634 817	658 195	683 051	717 462	723 638	732 727
Total	789 538	789 538	789 538	789 538	812 977	837 244	864 262	899 779	907 912	927 223
Trading volume, (thousands)										
A share	2 536	1 712	5 409	1 403	6 290	1 203	2 937	5 875	10 737	12 917
% of total number of A shares	1.4	1.0	3.1	0.8	3.5	0.7	1.6	3.2	5.8	6.7
R share	1 297 668	1 231 605	1 263 658	1 165 656	888 511	880 002	780 890	751 909	548 547	396 783
% of total number of R shares	211.9	201.1	206.5	190.6	104.0	133.7	114.3	104.8	75.8	55.4
Average number of shares (thousands)										
basic	788 620	788 620	788 599	788 578	798 687	829 935	851 128	889 606	901 506	812 040
diluted	788 620	788 620	788 751	788 863	799 218	830 546	851 326	889 956	902 296	813 488

* Board of Directors' proposal to the AGM for distribution of funds
NRI = non-recurring items

Read more about incentive programmes in the **Note 23**
management interests in the **Note 8**

Corporate Governance in Stora Enso

The duties of the various bodies within Stora Enso Oyj ("Stora Enso" or the "Company") are determined by the laws of Finland and by the Company's corporate governance policy, which complies with the Finnish Companies Act and the Finnish Securities Market Act. The rules and recommendations of the NASDAQ OMX Helsinki and Stockholm stock exchanges are also followed, where applicable. This corporate governance policy is approved by the Board of Directors ("Board").

Stora Enso's Corporate Governance complies with the Finnish Corporate Governance Code (the "Code") issued by the Securities Market Association on 20 October 2008, which is available at the Internet website www.cgfinland.fi, with the exception that:

The Company deviates from recommendations 22 and 28 of the Code, which recommend that the Nomination Committee should comprise Board members. Instead, the Company's Annual General Meeting resolved that Stora Enso's Nomination Committee shall comprise the Chairman and the Vice Chairman of the Board and two other members appointed by the two largest shareholders according to the register of shareholders as of 30 September. This composition is to ensure that the views of the Board and the main shareholders are represented and taken into account in preparing proposals for the Annual General Meeting on Board composition and remuneration.

Stora Enso's full Corporate Governance Report pdf-document is available on www.storaenso.com/investors.

General governance issues

The Board and the Chief Executive Officer (CEO) are responsible for the management of the Company. Other governance bodies have an assisting and supporting role.

Stora Enso prepares Consolidated Financial Statements and Interim Reviews conforming to International Financial Reporting Standards (IFRS), and Annual Reports, which are published in Finnish, Swedish and English. The financial section of the Annual Report is also translated into German, in addition to these languages.

The Company's head office is in Helsinki, Finland. It also has an international office in London, United Kingdom and head office functions in Stockholm, Sweden.

Stora Enso has one statutory auditor elected by the shareholders at the Annual General Meeting (AGM).

To the maximum extent possible, corporate actions and corporate records are taken and recorded in English.

Governance bodies

Shareholders' meeting
Nomination Committee

Board of Directors
Financial and Audit Committee | Remuneration Committee

CEO
Group Executive Team (GET)

Auditing
Internal Audit | External auditors

Insider Guidelines

Objectives and composition of governance bodies

The shareholders exercise their ownership rights through the shareholders meetings. The decision-making bodies with responsibility for managing the Company are the Board and the CEO. The Group Executive Team (GET) supports the CEO in managing the Company.

Day-to-day operational responsibility rests with the GET members and their operation teams supported by various staff and service functions.

Shareholders' meetings

The Annual General Meeting of shareholders (AGM) is held annually to present detailed information about the Company's performance and to deal with matters such as adopting the annual account, setting the dividend (or distribution of funds) and its payment, and appointing members of the Board of Directors and the Auditor(s).

Shareholders may exercise their voting rights and take part in the decision-making process of Stora Enso by attending shareholders' meetings. Shareholders also have the right to ask questions of the Company's management and Board of Directors at shareholders' meetings. Major decisions are taken by the shareholders at Annual or Extraordinary General Meetings. At a shareholders' meeting, each A share and each ten R shares carry one vote.

The Board of Directors convenes a shareholders' meeting by publishing a notice to the meeting in at least two Finnish and two Swedish newspapers, not more than three (3) months before the last day for advance notice of attendance mentioned in the notice to the meeting and not less than twenty-one (21) days before the date of the meeting. Other regulatory notices to the shareholders are delivered in the same way.

The Annual General Meeting is held by the end of June in Helsinki, Finland. The Finnish Companies Act and Stora Enso's Articles of Association specify in detail that the following matters have to be dealt with at the AGM:

- presentation and adoption of the annual accounts
- presentation of the report on operations and the Auditor's report
- the use of the profit and distribution of funds to the shareholders
- resolution concerning discharge of the members of the Board and the Chief Executive Officer from liability
- decision on the number and the remuneration of the members of the Board and the Auditors
- election of the members of the Board and the Auditors
- any other matters notified separately in the notice to the meeting

In addition, the AGM shall take decisions on matters proposed by the Board of Directors. A shareholder may also propose items for inclusion in the agenda provided that they are within the authority of the shareholders' meeting and the Board of Directors was asked to include the items in the agenda at least four weeks before the publication of the notice to the meeting.

An Extraordinary General Meeting of Shareholders is convened when considered necessary by the Board of Directors or when requested in writing by an Auditor or shareholders together holding a minimum of one tenth of all the shares to discuss a specified matter which they have indicated.

Nomination Committee appointed by the shareholders

Shareholders at the AGM appoint a Nomination Committee to prepare proposals concerning:

- the number of members of the Board;
- the members of the Board;
- the remuneration for the Chairman, Vice Chairman and members of the Board;
- the remuneration for the Chairman and members of the committees of the Board.

The Nomination Committee comprises four members:

- the Chairman of the Board;
- the Vice Chairman of the Board;
- two members appointed annually by the two largest shareholders (one each) as of 30 September.

The Chairman of the Board convenes the Nomination Committee. A Nomination Committee member who is also a member of the Board may not be Chairman of the Nomination Committee. The Nomination Committee presents its proposals for the Annual General Meeting to the Board annually before 31 January.

The Nomination Committee has a charter approved by the General Counsel.

In 2009

The Nomination Committee appointed by the AGM in 2009 comprised four members: the Chairman of the Board (Claes Dahlbäck), the Vice Chairman of the Board (Ilkka Niemi) and two other members appointed by the two largest shareholders, namely Keijo Suila (Solidium) and Marcus Wallenberg (Foundation Asset Management).

This is a deviation from the Helsinki Stock Exchange's recommendation that a Nomination Committee should consist of Board members. Keijo Suila was elected Chairman of the Committee at its first meeting. The main tasks of the Committee were to prepare the proposals for the AGM in 2010 concerning Board members and their remuneration. The Nomination Committee appointed by the AGM in 2009 convened five times (1 October 2009 – 31 January 2010). All the members attended all of the meetings.

Remuneration

Remuneration of EUR 3 000 per annum is paid to members who are not members of the Board as decided by the AGM.

Board of Directors (Board)

Stora Enso is managed by the Board according to International Corporate Governance Principles (based on OECD Principles of Corporate Governance 2004).

According to the Company's Articles of Association, the Board comprises six to eleven ordinary members appointed by the shareholders at the AGM for a one-year term. It is the policy of the Company that the majority of the directors shall be independent of the Company. In addition, at least two of the directors comprising this majority shall be independent of significant shareholders of the Company. The independence is evaluated in accordance with recommendation 15 of the Code. Currently the Board has nine ordinary members, who are all independent of the Company. The Board members are also independent of significant shareholders of the Company with the exception of Claes Dahlbäck (Senior Advisor and member of the investment committee of Foundation Asset Management) and Marcus Wallenberg (member of the investment committee of Foundation Asset Management). A significant shareholder is a shareholder that holds more than 10% of all the Company's shares or the votes carried by all the shares.

All directors are required to deal at arm's length with the Company and its subsidiaries and to disclose circumstances that might be perceived as a conflict of interest.

The shareholders at the AGM decide the remuneration of the Board members (including the remuneration of the members of the Board committees).

The Board supervises the operation and management of Stora Enso and decides on significant matters relating to strategy, investments, organisation and finance.

The Board is responsible for overseeing management and for the proper organisation of the Company's operations. It is likewise responsible for overseeing the proper supervision of accounting and control of financial matters.

The Board has defined a working order, the principles of which are published in the Annual Report and on the Company's website.

The Board elects a Chairman and a Vice Chairman from among the Board members and appoints the CEO, Chief Financial Officer (CFO) and other GET members. The Board approves the main organisational structure of the Company.

The Board reviews and determines the remuneration of the CEO, which is described in the Annual Report and the Company's website.

The Board evaluates its performance annually. The Board also reviews the corporate governance policy annually and amends it when required.

The Board's work is supported through its committees – the Financial and Audit Committee and the Remuneration Committee. Each committee's chairman and members are appointed by the Board annually.

The Board meets at least five times a year. The Board members meet regularly without management in connection with the Board meetings.

In 2009

The Board had nine members, all of them independent of the Company. The Board members are also independent of significant shareholders of the Company with the expection of Claes Dahlbäck (Senior Advisor and member of the investment committee of Foundation Asset Management) and Marcus Wallenberg (member of the investment committee of Foundation Asset Management). The Board members nominated at the AGM in 2009 were Claes Dahlbäck (Chairman), Ilkka Niemi (Vice Chairman), Gunnar Brock, Dominique Hériard Dubreuil, Birgitta Kantola, Juha Rantanen, Hans Stråberg, Matti Vuoria and Marcus Wallenberg. Jan Sjöqvist was a Board member until the AGM in 2009. Hans Stråberg was elected as a new Board member at the AGM in 2009. For detailed information about the Board members, see pages 16-17. The Board convened ten times during the year. On average, members attended 94.5% of the meetings.

Board remuneration

EUR	2009 1)	2008 1)	2007
Chairman	67 500 2)	135 000	135 000
Vice Chairman	42 500 2)	85 000	85 000
Board Member	30 000 2)	60 000	60 000

1) 40% of the Board remuneration in 2009 and 2008 was paid in Stora Enso R shares purchased from the market and distributed as follows: Chairman 6 490 R shares (6 585 R shares in 2008), Vice Chairman 4 087 R shares (4 146 R shares in 2008) and members 2 885 R shares (2 927 R shares in 2008).

2) The AGM approved the initiative of the Board to reduce the annual remuneration for the Board members to half of the remuneration in previous years for the year 2009.

Board interests as of 31 December 2009 are presented in **Note 8**

Working order of the Board

The working order describes the working practices of the Board. A summary of key contents is presented below.

Board meetings

- occur regularly, at least five times a year, according to a schedule decided in advance;
- special Board meetings shall, if requested by a Board member or the CEO, be held within 14 days of the date of request;
- agenda and material shall be delivered to Board members one week before the meeting.

Information

- the Board shall receive information monthly concerning financial performance, the market situation and significant events within the Company's and the Group's operations;
- Board members shall be informed about all significant events immediately.

Matters to be handled at Board meetings

- matters specified by the Finnish Companies Act;
- approval of business strategy;
- organisational and personnel matters
  - decisions concerning the basic top management organisation;
  - decisions concerning the composition of the Group Executive Team;
  - remuneration of the CEO;
  - appointment and dismissal of the CEO and approval of heads of Business Areas and other senior officers belonging to GET;
  - appointment of Board committees (including chairmen);
- economic and financial matters
  - review of annual budget;
  - approval of loans and guarantees, excluding intra-group loans and guarantees;
  - report of share repurchases, if any;
  - approval of Group Risk Management Policy according to Financial and Audit Committee's proposal;
- investment matters
  - approval of investment policy of the Group;
  - approval of major investments;
  - approval of major divestments;
- other matters
  - report of the CEO on the Group's operations;
  - reports of the Remuneration Committee and Financial and Audit Committee by the chairmen of the respective committees. The Nomination Committee's recommendations and proposals shall be reported to the Board by the Chairman of the Board.
  - approval and regular review of Corporate Governance and the charters of the Board committees;
  - annual self-assessment of Board work and performance;
- other matters submitted by a member of the Board or the CEO.

Board committees

The tasks and responsibilities of the Board committees are defined in their charters, which are approved by the Board. All the committees evaluate their performance annually, are allowed to use external consultants and experts when necessary and shall have access to all information needed. Each committee's chairman and members are appointed by the Board annually.

Financial and Audit Committee

The Board has a Financial and Audit Committee to support the Board in maintaining the integrity of the Company's financial reporting and the Board's control functions. It regularly reviews the system of internal control, management and reporting of financial risks, the audit process and the annual corporate governance statement. It makes recommendations regarding the appointment of external auditors for the parent company and the main subsidiaries.

The Committee comprises three to five Board members, who are independent and not affiliated with the Company. At least one Committee member must be a financial expert who has significant knowledge and experience in accounting and accounting principles applicable to the Company. The Financial and Audit Committee meets regularly, at least four times a year. The Committee members meet the external and internal auditors regularly without the management being present. The Chairman of the Committee presents a report on each Financial and Audit Committee meeting to the Board. The tasks and responsibilities of the Financial and Audit Committee are defined in its charter, which is approved by the Board. Financial and Audit Committee members may receive remuneration solely based on their role as directors. The remuneration is decided upon by the shareholders at an AGM.

In 2009

The Financial and Audit Committee comprised three members in 2009: Birgitta Kantola (chairwoman as from AGM), Claes Dahlbäck and Ilkka Niemi. Jan Sjöqvist was the chairman of the Committee until the AGM in 2009. The Committee convened six times. On average, members attended 89% of the meetings. In addition to the regular tasks based on the Committee's charter, during 2009 the Committee focused on establishment of the enterprise risk management system.

Remuneration

Chairwoman EUR 10 000 per annum and member EUR 7 000 per annum as decided by the AGM.

The Financial and Audit Committee Charter is presented at **www.storaenso.com/investors/governance**

Remuneration Committee

The Board has a Remuneration Committee which is responsible for recommending, evaluating and approving executive nominations and remunerations (including the review and recommendation of the CEO remuneration), evaluating the performance of the CEO, and making recommendations to the Board relating to management remuneration issues generally, including equity incentive remuneration plans. The Board appoints the CEO and approves his/her remuneration.

The Committee comprises three to four Board members, who are independent and not affiliated with the Company. The Remuneration Committee meets regularly, at least once a year. The Chairman of the Remuneration Committee presents a report on each Remuneration Committee meeting to the Board. The tasks and responsibilities of the Remuneration Committee are defined in its charter, which is approved by the Board.

In 2009

The Remuneration Committee comprised four members in 2009. The members were Claes Dahlbäck (Chairman), Dominique Hériard Dubreuil, Ilkka Niemi and Matti Vuoria. The Committee convened six times. On average, members attended 96% of the meetings.

During 2009, the main tasks were to recommend, evaluate and approve executive nominations and remunerations, and to make recommendations to the Board relating to management remuneration in general.

Remuneration

Chairman EUR 5 000 per annum and member EUR 3 000 per annum as decided by the AGM.

The Remuneration Committee Charter is presented at **www.storaenso.com/investors/governance**

Management of the Company

Chief Executive Officer (CEO)

The CEO is in charge of the day-to-day management of the Company in accordance with instructions and orders issued by the Board. It is the duty of the CEO to ensure that the Company's accounting principles comply with the law and that financial matters are handled in a reliable manner.

The Board approves the main organisation, including the functions reporting to the CEO. Currently, the CEO is directly in charge of the following functions, which also report to him/her:

- Business Areas (Publication Paper, Fine Paper, Packaging and Wood Products)
- CFO (responsible for IT, Accounting & Controlling, Treasury, Risk Management, Taxes, Internal Audit, Investor Relations, Corporate Finance and M&A)
- Wood Supply, HR & Sustainability
- Technology and Strategy
- Communications
- Legal Services

The CEO is also responsible for preparatory work with regard to Board meetings. In addition, he/she supervises decisions regarding key personnel and other important operational matters.

The CFO acts as deputy to the CEO as defined in the Finnish Companies Act.

Detailed information about the CEO is presented on **page 18**
and information about the CEO remuneration on **Note 8**

Group Executive Team (GET)

The GET is chaired by the CEO. The GET members are appointed by the CEO and approved by the Board. Currently, the eight GET members are the CEO, the CFO, and the heads of the four Business Areas, Technology & Strategy, and Wood Supply, HR & Sustainability.

The GET's tasks and responsibilities are: review of key day-to-day operations and operational decisions, key leadership issues, investment proposals, planning and follow-up, control of mergers, acquisitions and divestments, preparation of strategic guidelines, sustainability policies, allocation of resources and preparatory work with regard to Board meetings.

The GET meets regularly every month, and as required.

In 2009

The GET had eight members at the end of 2009. The GET convened fifteen times during the year. Important items on the agenda in 2009 were reviewing the operations of the Group, planning and following up on investment and other strategic projects, and preparatory work for Board meetings.

Detailed information about the GET is presented on **pages 18-19**
and information about the GET member's remuneration on **Note 8**

Other responsibilities

The investment planning is carried out by the Business Areas and reviewed by the Investment Working Group, consisting of Group and Business Area representatives. The CEO and GET are responsible for the investment allocations and decisions, as well as proposals to the Board of Directors.

The GET is responsible for all strategic decisions relating to sustainability. Everyday sustainability issues are handled by the sustainability management team and its task forces, which include representatives from the Group Sustainability function, Stora Enso's four Business Areas, our Wood Supply organisation, and the regional organisations in Latin America and China.

The Group R&D is responsible for the Group-level R&D projects and new businesses, as well as certain services. The Business Areas have their own R&D organisations for ongoing business development and research.

The Company has established user boards for certain cross-functional service units (Wood Supply, Purchasing, Logistics and Energy). These user boards consist of representatives of the Business Areas using these services. The user boards supervise and steer the operations of the service units in question.

The Company has also established proper disclosure policies and controls, and process for quarterly and other ongoing reporting.

Other supervisory bodies and norms

Auditors

The AGM annually elects one auditor for Stora Enso. The Financial and Audit Committee monitors the auditor selection process and gives its recommendation as to who should serve as auditor to the Board and to the shareholders at the AGM. The auditor shall be an authorised public accounting firm, which appoints the responsible auditor.

Internal Audit

Stora Enso has a separate internal auditing organisation. The role of Internal Audit is to provide independent, objective assurance and consulting services that add value and improve the Group's operations. Internal Audit helps the Group to accomplish its objectives by providing a systematic, disciplined approach to evaluate and improve the effectiveness of internal control, risk management and governance processes.

To ensure the independence of the Internal Audit department, its personnel report to the head of Internal Audit, who reports functionally to the Financial and Audit Committee and CEO, and administratively to the CFO. The head of Internal Audit is appointed by the CEO. The CEO shall seek approval of the appointment from the Financial and Audit Committee.

Internal Audit conducts regular audits at mills, subsidiaries and other Company units, implementing an annual audit plan approved by the Financial and Audit Committee, including any special tasks or projects requested by management and the Financial and Audit Committee.

Insider guidelines

The Company complies with the insider guidelines of NASDAQ OMX Helsinki. The Company's internal insider guidelines are published and distributed throughout the Group.

The Company expects the management and all its employees to act in the way required of an insider. All unpublished information relating to the Company's present and future business operations shall be kept strictly confidential.

Public insiders

According to the Finnish Securities Markets Act, public insiders or persons subject to disclosure requirement are persons in the following positions: members of the Board of Directors, the CEO and the CFO, and person(s) with main responsibility for the audit. The CEO has decided that other public insiders are the members of the Group Executive Team (GET) and persons responsible for Legal Services, Investor Relations, Communications and Financial Communications.

The list of public insiders is approved by the CEO. The Company's public insider register is publicly available and is maintained by Euroclear Finland Oy.

Company-specific insiders

Company-specific insiders are persons who regularly receive inside information or who could have an opportunity to gain access to insider information through the nature of their work and who are not in the public insider register. Company-specific insiders are the Business Area Management Teams, the personal assistants/secretaries to the members of the GET and Business Area Management Teams, the persons responsible for Legal Services, Investor Relations, Financial Services, Treasury, Communications and Financial Communications and Corporate Strategy. Representatives of the employees and the members of the Financial Communications, Corporate Accounting and Corporate Strategy teams are also regarded as company-specific insiders.

The company-specific insider register is a non-public permanent register. Persons included in a company-specific insider register are informed either by letter or by e-mail. The list of persons included in the continuously updated company-specific insider register is approved by the General Counsel.

Project-specific insider register

When a large project such as a merger or acquisition is under preparation, persons who are involved in that project and receive inside information are also considered insiders. In these cases a separate project-specific insider register is established. The General Counsel or the Assistant General Counsel will decide case-by-case in which projects such a register shall be established.

A project-specific insider register is a temporary register. Persons included in a project-specific insider register are informed either by letter or by e-mail.

Closed period

During the closed period insiders are not allowed to trade in the Company's securities. The period starts when the reporting period ends. The dates are published in the financial calendar at www.storaenso.com/investors.

Internal control and risk management related to financial reporting

Internal control over financial reporting

In the Company, the system of internal control and risk management related to financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies.

The system of internal control in the Stora Enso Group is based upon the framework issued by the Committee of Sponsoring Organisations (COSO) and comprises five principal components of internal control: the control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The control environment sets the tone of the organisation, influencing the control consciousness of employees. It is the foundation for all other components of internal control, providing discipline and structure.

The Board has the overall responsibility for setting up an effective system of internal control and risk management. The roles and responsibilities of governance bodies are defined in the Corporate Governance policy of the Company.

Responsibility for maintaining an effective control environment and operating the system for risk management and internal control of financial reporting is delegated to the CEO. The internal control in the Company is based on the Group's structure, whereby the Group's operations are organised into four Business Areas and various support and service functions. Group functions prepare and the CEO and GET issue corporate guidelines that stipulate responsibilities and authority, and constitute the control environment for specific areas, such as finance, accounting, investments, purchasing and sales. The Company has proper processes to ensure the reliability of the Company's financial reporting and disclosure processes.

The company has a formal code of conduct and other policies regarding acceptable business practice, conflicts of interest and expected standards of ethical and moral behaviour. These policies are translated into relevant languages. Standard requirements have been defined for internal control over financial reporting and self assessment is used as a tool to facilitate the evaluation of controls in individual business units and support functions.

The management expects all employees to maintain high moral and ethical standards and those expectations are communicated to employees through internal communication channels and are reinforced through training. The management philosophy is based on principles whereby performance targets do not test an employee's ability to adhere to ethical values.

Risk assessment

Risk assessment is the identification and analysis of relevant risks to the achievement of objectives, forming a basis for determining how the risks should be managed. In the Company the major risks affecting internal control over financial reporting have been identified in a baseline risk assessment and at different levels, such as Group, Business Area, unit or function and process. The assessment of risk includes risks related to fraud and irregularities, as well as the risk of loss or misappropriation of assets. Information on development of essential risk areas and executed and planned activities in these areas are communicated regularly to the Financial and Audit Committee.

Control activities

Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks related to the achievement of the organisation's objectives, and they are aimed at preventing, detecting and correcting errors and irregularities. Control activities, which fulfil the control objectives identified in risk assessment, occur throughout the organisation, at all levels and in all functions. Besides the general computer controls, they include a range of activities such as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Information and communication

The Company's information and communication channels support completeness and correctness of financial reporting, for example, by making internal instructions and policies regarding accounting and financial reporting widely known and accessible to all employees concerned, as well as through regular updates and briefing documents regarding changes in accounting policies and reporting and disclosure requirements. Subsidiaries and operations units make regular financial and management reports to the management, including analysis and comments on financial performance and risks. The Board receives financial reports monthly. The Financial and Audit Committee has established a procedure for anonymous reporting of violations related to accounting, internal controls and auditing matters.

Monitoring

The Company's financial performance is reviewed at each Board meeting. The Financial and Audit Committee handles and the Board reviews all interim reports before they are released by the CEO. The annual financial statements are reviewed by the Financial and Audit Committee and approved by the Board. The effectiveness of the process for assessing risks and the execution of control activities are monitored continuously at various levels. Monitoring involves both formal and informal procedures applied by management and processes owners, including reviews of results in comparison with budgets and plans, analytical procedures, and key performance indicators.

The Company has a separate internal auditing organisation. The role, responsibilities and organisation of Internal Audit are described under *Other Supervisory Bodies and Norms*.

Top to bottom/ left to right: Marcus Wallenberg, Juha Rantanen, Hans Stråberg and Claes Dahlbäck.

Board of Directors

Claes Dahlbäck

Chairman of Stora Enso's Board of Directors since December 1998. Independent of the Company*.
Born 1947. M.Sc. (Econ.), Ph.D. h.c. Swedish citizen. Member of STORA's Board of Directors from May 1990 and Chairman of the Board from May 1997 until the merger with Enso in 1998. Chairman of Stora Enso's Remuneration Committee since 23 December 1998, and member of the Financial and Audit Committee since 22 March 2005. Member of the Nomination Committee. Senior Advisor to Investor AB and Foundation Asset Management Sweden AB. Chairman of EQT Funds. Member of the Board of Goldman Sachs & Co. President and CEO of Investor AB 1978–1999. Executive Vice Chairman of the Board of Investor AB 1999–2001 and Chairman of the Board 2002–2005.
Owns 2 541 A and 32 604 R shares in Stora Enso.

Ilkka Niemi

Vice Chairman of Stora Enso's Board of Directors since March 2005. Member of the Board since March 2001. Independent of the Company and the significant shareholders.
Born 1946. M.Sc. (Econ.). Finnish citizen. Member of Stora Enso's Financial and Audit Committee since 19 March 2002, and the Remuneration Committee since 18 March 2004. Member of the Nomination Committee. Senior advisor and independent consultant on international finance. Chairman of the Board of Motiva Oy 2001–2006, and member of the Board of Aker Yards Finland Pty Ltd 2003–2008. CEO and member of the Board of the Finnish State Guarantee Board 1989–1997. Member of the Board and representative of the Nordic countries and the Baltic States at the World Bank 1997–2000. Chairman of the Finnish Accounting Standards Board 1993–1996.
Owns 8 233 R shares in Stora Enso.

Gunnar Brock

Member of Stora Enso's Board of Directors since March 2005. Independent of the Company and the significant shareholders.
Born 1950. M.Sc. (Econ.). Swedish citizen. Chairman of Mölnlycke Healthcare AB. Member of the Board of Teknikföretagen, Investor AB and SOS-Children's Villages, Sweden. Member of the Royal Swedish Academy of Engineering Sciences (IVA). President and CEO of Alfa Laval 1992–1994, President and CEO of Tetra Pak Group 1994–2000, President of Thule International 2001–2002, President and CEO of Atlas Copco Group between 2002 and May 2009.
Owns 9 812 R shares in Stora Enso.

Dominique Hériard Dubreuil

Member of the Board of Directors since March 2006. Independent of the Company and the significant shareholders.
Born 1946. B.A. (Law), M.A. (Public Relations). French citizen. Member of Stora Enso's Remuneration Committee since 21 March 2006. Chairman of the Board of Rémy Cointreau. Chairman of Vinexpo Overseas, and member of the Board of Comité Colbert, Institute National de la Recherche Agronomique (INRA), Fédération des Exportateurs de Vins et Spiritueux de France and Baccarat SA. Member of the French-China Committee. Chairman of Rémy Cointreau's Executive Board 2000–2004.
Owns 6 812 R shares in Stora Enso.

Birgitta Kantola

Member of Stora Enso's Board of Directors since March 2005. Independent of the Company and the significant shareholders.
Born 1948. LL.M. Finnish citizen. Member of Stora Enso's Financial and Audit Committee since March 2005 and Chairman of the Committee since April 2009. Member of the Board of Nobina AB and NASDAQ OMX. Member of the Board of Varma Mutual Pension Insurance Company until 31 December 2009. Vice President and CFO of International Finance Corporation (World Bank Group), Washington D.C. 1995–2000. Executive Vice President of Nordic Investment Bank 1991–1995.
Owns 9 312 R shares in Stora Enso.





Top to bottom/left to right: Gunnar Brock, Birgitta Kantola, Matti Vuoria, Dominique Hériard Dubreuil and Ilkka Niemi.

Juha Rantanen

Member of Stora Enso's Board of Directors since March 2008. Independent of the Company and the significant shareholders.

Born 1952. M.Sc. (Econ.). Finnish citizen. CEO and President of Outokumpu Group. Chairman of the Board of Fennovoima Oy, and the Association of Finnish Steel and Metal Producers. Vice Chairman of the Board of Moventas Oy, member of the Supervisory Board of Varma Mutual Pension Insurance Company, member of the Board of Technology Industries of Finland. Vice President of European Confederation of Iron and Steel Industries (Eurofer).

Owns 7 312 R shares in Stora Enso.

Hans Stråberg

Member of Stora Enso's Board of Directors since April 2009. Independent of the Company and the significant shareholders.

Born 1957. M.Sc. (Eng.). Swedish citizen. Member of the board of Roxtec, the Association of Swedish Engineering Industries, N Holding AB and the Confederation of Swedish Enterprise. President and CEO of AB Electrolux. Several management positions at Electrolux in Sweden and the USA 1983–2002.

Owns 2 885 R shares in Stora Enso.

Matti Vuoria

Member of Stora Enso's Board of Directors since March 2005. Independent of the Company and the significant shareholders.

Born 1951. LL.M., B.Sc. (Arts). Finnish citizen. Member of Stora Enso's Remuneration Committee since 22 March 2005. President and CEO of Varma Mutual Pension Insurance Company. Vice Chairman of the Boards of Sampo plc and Wärtsilä Oyj Abp. Executive Vice President of Varma Mutual Pension Insurance Company from January 2004 to May 2004. Executive Chairman of the Board of Fortum Corporation 1998–2003. Secretary General of the Ministry of Trade and Industry 1992–1997.

Owns 14 812 R shares in Stora Enso.

Marcus Wallenberg

Member of Stora Enso's Board of Directors since December 1998. Independent of the Company*.

Born 1956. B.Sc. (Foreign Service). Swedish citizen. Vice President of Stora Feldmühle AG, a STORA subsidiary, from August 1990 to June 1993. Member of STORA's Board of Directors from March 1998 until the merger with Enso in 1998. Member of Stora Enso's Financial and Audit Committee from 29 December 2000 to 22 March 2005. Member of the Nomination Committee. Chairman of the Board of Skandinaviska Enskilda Banken AB, AB Electrolux and Saab AB, and Honorary Chairman of International Chamber of Commerce (ICC). Vice Chairman of the Board of Ericsson AB, and member of the Board of AstraZeneca PLC, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited. President and CEO of Investor AB 1999–2005 and Executive Vice President 1993–1999. Member of the Board of Skandinaviska Enskilda Banken 2002–2005 and 1995–1999, Scania AB 1994–2005, Ericsson AB 1996–1998 and Saab AB 1992–1998.

Owns 2 541 A and 10 527 R shares in Stora Enso.

Jan Sjöqvist, member of Stora Enso's Board of Directors since December 1998 until his resignation on 1 April 2009. He was also Chairman of Stora Enso's Financial and Audit Committee and the Financial Expert of the Financial and Audit Committee. He was independent of the Company and the significant shareholders.

The independence is evaluated in accordance with Recommendation 15 of the Finnish Corporate Governance Code. The full recommendation can be found at the web address www.cgfinland.fi. The significant shareholder according to the Recommendation is a shareholder who holds more than 10% of all company shares or the votes carried by all the shares.

* **Claes Dahlbäck** (Senior Advisor and member of the investment committee of Foundation Asset Management) and **Marcus Wallenberg** (member of the investment committee of Foundation Asset Management) are not independent of significant shareholders of the Company.

Top to bottom/left to right: Jouko Karvinen, Bernd Rettig, Elisabet Salander Björklund and Hannu Alalauri.

Group Executive Team

Jouko Karvinen

Chief Executive Officer (CEO) of Stora Enso

Born 1957 M.Sc. (Eng.). Finnish citizen. Joined Stora Enso in January 2007. President and CEO, Philips Medical Systems, USA, from June 2002 to November 2006. Appointed to the Board of Management, Royal Philips Electronics, the Netherlands, in April 2006. Before joining Philips, employed by ABB Group Limited from 1987 serving in several international positions. Head of the Automation Technology Products Division and member of the ABB Executive Committee from 2000 to 2002. Member of the Board of the Finnish Forest Industries Federation and Confederation of European Paper Industries (CEPI), member of the Election Committee of the Confederation of Finnish Industries EK, member of the Business Co-Operation Council and Co-Chairman of the Forest Industry Task Force, EU-Russia Industrialists' Round Table (IRT). Member of the Board of Directors of Stora Enso Uruguay S.A. and Veracel Celulose S.A.
Owns 43 833 R shares and has 157 646 (2003–2007) options/synthetic options in Stora Enso.

Hannu Alalauri

Executive Vice President, Fine Paper

Born 1959. M.Sc. (Chem.), eMBA. Finnish citizen. Joined the Chemical Division of Oulu Mill (former Oulu Oy) in 1985. Managing Director of Forchem Oy (Veitsiluoto Oy and UPM joint venture) 1994–1996, VP of the Varkaus Fine Paper Mill 1996–1999, SVP, Stora Enso Office Papers 1999–2000, SVP, Stora Enso Graphic Papers 2000–2004, Managing Director of Stora Enso Packaging Corrugated Business 2004–2005, SVP, HR Finland and HR Packaging Boards Division 2006–2007. EVP of Magazine Paper Business Area 2007–2009. Member of the Board of Directors of several subsidiaries and associated companies.
Owns 6 738 R shares and has 30 000 (2003–2007) options/synthetic options in Stora Enso.

Hannu Kasurinen

Executive Vice President, Wood Products

Born 1963. M.Sc. (Econ.). Finnish citizen. Joined Enso-Gutzeit Oy in 1993. VP, Funding of Enso-Gutzeit Oy 1993–1997, Finance Director of Enso Deutschland Verwaltungs GmbH 1997–1998, VP, Structured Finance and M&A 1998–1999, Managing Director of Stora Enso Financial Services S.A. and Treasurer of Stora Enso Group 1999–2003, SVP and Group Treasurer, Financial Services and Risk Management 2003–2004, SVP, Strategy and Business Development of Paper Product Area 2004–2005, SVP, Profit Improvement Programme 2005, SVP, Speciality Papers 2005–2007, SVP, Group Strategy 2007–2008. Member of the Board of Directors of several Stora Enso subsidiaries. Member of the Board of the European Organisation for the Saw Mill Industry (EOS).
Owns 5 944 R shares and has 48 750 (2003–2007) options/synthetic options in Stora Enso.

Mats Nordlander

Executive Vice President, Packaging and Asia Pacific

Born 1961. Dipl.Eng. Swedish citizen. Joined the Company in 1994. General Manager, Papyrus Sweden AB 1994–1998, SVP, Marketing and Supply, Papyrus AB 1998–2002, VP, Marketing and Sales, Stora Enso Fine Paper, London 2002–2003, EVP, Merchants and President of Papyrus AB 2003–2007. EVP Consumer Board, Market Services and Asia Pacific 2007–2009. Member of the Board of Directors of several Stora Enso subsidiaries and associated companies. Chairman of the Board of Directors of Innventia, a pulp, paper and packaging R&D company. Chairman of the Board of Directors of Falu Rödfärg. Member of Swedish Industrial Board of Axcel private equity fund. Member of the Board of The Swedish Forest Industries Federation.
Owns 5 272 R shares and has 30 000 (2003–2007) options/synthetic options in Stora Enso.

Top to bottom/left to right: Markus Rauramo, Juha Vanhainen, Mats Nordlander and Hannu Kasurinen.

Markus Rauramo

Chief Financial Officer (CFO) of Stora Enso

Born 1968. M.Sc. (Econ. and Pol. Hist.). Finnish citizen. Joined Enso-Gutzeit Oy in 1993. Finance Manager of Enso Oy 1995–1997, Manager, Long-Term Finance, Enso Oyj 1997–1999, Head of Funding, Stora Enso Financial Services 1999–2001, VP, Strategy and Investments 2001–2004, SVP and Group Treasurer 2004–2008. Member of the Board of Directors of Oy Proselectum AB, Tornator Oy and Bergvik Skog AB.
Owns 6 706 R shares and has 35 000 (2003–2007) options/synthetic options in Stora Enso.

Bernd Rettig

Executive Vice President, Technology & Strategy, Country Manager Germany

Born 1956. M.Sc. (Eng.). German citizen. Joined STORA in 1982. Managing Director of Stora Reisholz GmbH 1992–1996, Managing Director of Stora Enso Kabel GmbH 1996–1999, SEVP, Magazine Paper 1999–2003, SEVP, Publication Paper 2003–2007. Vice president of the German Pulp and Paper Association, Verband Deutscher Papierfabriken e.V. (VDP).
Owns 9 014 R shares and has 102 500 (2003–2007) options/synthetic options in Stora Enso.

Elisabet Salander Björklund

Executive Vice President, Wood Supply, HR, Sustainability and Latin America, Country Manager Sweden

Born 1958. M.Sc. (For.). Swedish citizen. Joined STORA in 1995. Managing Director of Stora Timber AB 1995–1999, Director, Business Unit Nordic Redwood, Stora Enso Timber 1999–2000, Director, Raw Material and Fibre Products, Stora Enso Timber 2000–2003, EVP, Stora Enso Wood Supply Europe 2003–2005. SEVP, Forest Products 2005–2007, EVP Wood Products, Pulp Supply, Wood Supply and Sustainability 2007–2008. Member of the Board of Directors of SJ AB, Clas Ohlson AB, Marcus Wallenberg Prize Foundation and The Swedish Forest Industries Federation, and member of The Royal Swedish Academy of Agriculture and Forestry and The Royal Swedish Academy of Engineering Sciences. Member of the Board of Directors of several Stora Enso subsidiaries and associated companies.
Owns 20 208 R shares and has 72 500 (2003–2007) options/synthetic options in Stora Enso.

Juha Vanhainen

Executive Vice President, Publication Paper, Country Manager Finland

Born 1961. M.Sc. (Eng.). Finnish citizen. Joined Stora Enso Oulu in 1990. Various production and project management positions, Stora Enso, Oulu Paper Mill 1993–1998. General Manager and Mill Director, Stora Enso Fine Paper, Oulu Mill 1999–2003, SVP, Office Paper, Stora Enso Fine Paper, London, 2003–2007. EVP, Newsprint and Book Paper Business Area 2007–2009. Member of the Board of Directors of several subsidiaries and associated companies. Deputy Chairman of the Board of Directors of Pohjolan Voima Oy. Deputy Chairman of the Board of Directors of the Finnish Forest Industries Federation, Member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company, Member of the Body of Representatives of the Confederation of Finnish Industries (EK)., Member of the Board of Efora Oy.
Owns 5 365 R shares and has 51 250 (2003–2007) options/synthetic options in Stora Enso.

Aulis Ansaharju, Executive Vice President, Fine Paper and **Veli-Jussi Potka**, Executive Vice President, Industrial Packaging and Russia, were members of the Group Executive Team until the reorganisation of the company on 23 April 2009.

Hannu Ryöppönen, Deputy CEO, responsible for Strategy, Purchasing and IT, retired on 1 April 2009.

Options/synthetic options were issued annually between 1999 and 2007.
Enso-Gutzeit became Enso in May 1996.
STORA and Enso merged in December 1998.

Report of the Board of Directors

Markets and deliveries

Global demand for newsprint fell in 2009 by 14%, the largest decline in recent history, as the global economic downturn negatively affected advertising expenditure, leading to reduced pagination and circulations of paid-for newspapers. Demand weakened most in Europe and North America, by 14% and 25% respectively. In Europe, several free daily newspapers ceased publication aggravating the decline.

Demand in Asia was 7% weaker than a year earlier, as strong growth of 6% in China was offset by the decline in consumption in Japan and India.

The very weak economic environment during the year reduced global demand for printing and writing paper which decreased by 12%, mainly due to the almost 20% decline in print advertising. There were some signs of recovery towards the end of the year, but demand for the full year was 15% less than a year earlier in Europe and 17% less in North America. Though markets also slowed in emerging markets, demand in China is estimated to have grown by some 4%. Exports of printing and writing paper from Western Europe to other regions were more than 20% down on the prior year.

Demand for coated magazine paper suffered most weakening by some 18% for the reasons outlined above and because consumers switched to cheaper paper grades. Uncoated fine paper fared best, with global demand decreasing by 7%.

Demand for cartonboard was 9% less than a year ago in Europe, and 13% less in North America, but in China demand continued to grow and was 5% better than the previous year.

Housing markets have been especially hit by the economic crisis. Low consumer confidence and lending greatly reduced construction activity in Europe, Japan and North America in 2009. This affected markets for wood products, materially reducing demand for sawn softwood in these regions.

Estimated Consumption of Paper and Board in 2009

Tonnes, million	Europe	North America	Asia & Oceania
Newsprint	9.2	5.8	12.6
Uncoated magazine paper	6.0	5.0	2.0
Coated magazine paper	6.3	4.0	3.8
Uncoated fine paper	8.0[1)]	10.0	24.4
Coated fine paper	6.5	4.0	11.4
Cartonboard	5.9[2, 3)]	11.1[3)]	20.0
Sawn softwood (million m^3)	84	69	n/a

1) Excl. specialities

2) Incl. folding box board, solid bleached and white-lined chipboard

3) Boxboard

Source: Stora Enso, PPPC, RISI, International Softwood Conference

The Group's paper and board deliveries totalled 10 174 000 tonnes in 2009, which is 1 662 000 tonnes less than in the previous year due to reductions in annual capacity and also due to the dramatic decline in demand. Production decreased by 1 710 000 tonnes to 10 036 000 tonnes as a result of the capacity reductions and long production curtailments which increased from 510 000 tonnes in 2008 to 1 905 000 tonnes in 2009. Deliveries of wood products decreased by 991 000 m^3 to 4 902 000 m^3 due to market weakness, production curtailments and capacity closures.

Deliveries by Segment

	As at 31 December				Curtailments	
1 000 tonnes	**2009**	**2008**	**2007**	**Change %**	**2009**	**2008**
Newsprint and Book Paper	2 453	2 870	3 061	-15	477	34
Magazine Paper	2 150	2 786	2 993	-23	735	161
Fine Paper	2 538	2 730	2 826	-7	395	136
Consumer Board	2 201	2 442	2 532	-10	171	133
Industrial Packaging	832	1 008	1 065	-17	127	46
Total Paper and Board Deliveries	**10 174**	**11 836**	**12 477**	**-14**	**1 905**	**510**
Wood Products, 1 000 m^3	4 902	5 893	6 348	-17		
Corrugated Board, million m^2	966	1 071	1 091	-10		

Financial results, continuing operations

Sales at EUR 8 945.1 million were EUR 2 083.7 million lower than the EUR 11 028.8 million a year earlier due to lower deliveries in all segments and lower prices in local currencies in Fine Paper, Industrial Packaging and Wood Products.

Operating profit excluding non-recurring items and fair valuations decreased by EUR 67.9 million to EUR 320.5 million. Although sales decreased by 19%, operating margin was maintained at 3% through reductions in variable and fixed costs. Wood Products reduced its operating loss by EUR 59.5 million from EUR 67.5 million to EUR 8.0 million. Operating profit increased by EUR 57.6 million on Consumer Board, but decreased by EUR 56.3 million in Industrial Packaging, by EUR 48.5 million in Magazine Paper, by EUR 47.7 million in Fine Paper and by EUR 12.1 million in Newsprint. In the segment Other, there was an operating loss of EUR 117.1 (EUR 77.4) million, the increase partially explained by the EUR 28 million correction of the wood inventory error identified in the third quarter 2009 results.

Sales prices in local currencies were higher in Magazine Paper and Consumer Board, unchanged in Newsprint but lower in Fine Paper, Industrial Packaging and Wood Products, resulting in an overall negative impact of EUR 174 million on operating profit. The effect of adverse currency movements on sales prices reduced operating profit by a further EUR 159 million. Lower sales volumes in all segments decreased operating profit by EUR 524 million.

Lower fibre costs increased Group operating profit by approximately EUR 247 million including the EUR 28 million correction of the wood inventory error. Lower costs for chemicals and fillers increased operating profit by EUR 73 million and lower other variable costs, including energy and logistics, increased operating profit by EUR 94 million.

Personnel and other fixed costs were reduced by EUR 176 million through cost-saving measures and temporary production curtailments. Lower maintenance costs increased operating profit by EUR 55 million. Lower depreciation due to impairments improved operating profit by EUR 124 million. Deliveries of wood to the Group's mills were 21% less than in the year before at 30 million cubic metres.

Newsprint and Book Paper

EUR million	2009	2008	2007
Sales	1 325.8	1 594.7	1 734.9
EBITDA[1]	228.2	255.2	345.0
Operating profit[1]	128.7	140.8	211.9
% of sales	9.7	8.8	12.2
Operating capital 31 December	1 020.9	1 136.5	1 191.7
ROOC, %[2]	11.9	12.1	15.7
Average number of employees	2 547	2 771	2 813
Deliveries, 1 000 t	2 453	2 870	3 061
Production, 1 000 t	2 451	2 808	3 061

1) Excluding non-recurring items.
2) ROOC = 100% x Operating profit/Average operating capital.

Newsprint and Book Paper sales were 16.9% down on 2008 due to the significant decrease in sales volumes resulting from the economic downturn. Sales prices increased in local currencies in Europe but decreased elsewhere. They were also adversely affected by currency movements.

Operating profit excluding non-recurring items decreased by only EUR 12.1 million to EUR 128.7 million despite the large decrease in turnover, as variable costs decreased, particularly for RCP and logistics, but energy costs increased. Fixed costs for personnel and maintenance, as well as depreciation, also decreased.

Magazine Paper

EUR million	2009	2008	2007
Sales	1 676.0	2 177.0	2 296.3
EBITDA[1]	145.3	223.5	222.1
Operating profit[1]	40.3	88.8	50.9
% of sales	2.4	4.1	2.2
Operating capital 31 December	1 225.3	1 413.1	1 528.6
ROOC, %[2]	3.1	6.0	2.9
Average number of employees	3 954	4 331	5 216
Deliveries, 1 000 t	2 150	2 786	2 993
Production, 1 000 t	2 110	2 774	2 951

1) Excluding non-recurring items.
2) ROOC = 100% x Operating profit/Average operating capital.

Magazine paper sales prices increased during the year but this did not compensate the significant decrease in sales volumes and to a lesser extent adverse currency movements, which resulted in an overall decrease in sales of 23% compared to the previous year.

Operating profit decreased by EUR 48.5 million to EUR 40.3 million as lower variable costs, particularly for wood and logistics, and lower fixed costs for personnel and maintenance could not compensate for the large decrease in turnover. Depreciation was also lower due to the impairment write downs made over the last number of years.

Fine Paper

EUR million	2009	2008	2007
Sales	1 823.9	2 111.7	2 156.2
EBITDA[1]	134.5	219.8	301.6
Operating profit[1]	32.7	80.4	163.7
% of sales	1.8	3.8	7.6
Operating capital 31 December	933.3	1 369.8	1 692.1
ROOC, %[2]	2.8	5.3	9.7
Average number of employees	3 435	3 644	3 845
Deliveries, 1 000 t	2 538	2 730	2 826
Production, 1 000 t	2 507	2 707	2 856

1) Excluding non-recurring items.
2) ROOC = 100% x Operating profit/Average operating capital.

The world wide recession had a very negative impact on the Fine Paper business in 2009. Fine paper sales were 13.6% down on 2008 mainly due to the sharp fall in sales prices caused by overcapacity, and also adverse currency movements and lower deliveries.

Operating profit was less than half the 2008 level at EUR 32.7 million, a 59% decrease on the previous year. However, there were large decreases in variable costs, especially for chemicals, fillers, pulp, logistics and energy, and significant decreases in fixed costs related to personnel and maintenance and in depreciation following fixed asset impairments.

Consumer Board

EUR million	2009	2008	2007
Sales	1 895.9	2 231.9	2 300.9
EBITDA[1]	284.3	242.0	336.4
Operating profit[1]	164.9	107.3	158.0
% of sales	8.7	4.8	6.9
Operating capital 31 December	1 415.3	1 262.6	1 702.2
ROOC, %[2]	13.7	7.2	8.4
Average number of employees	3 873	4 343	4 519
Deliveries, 1 000 t	2 201	2 442	2 532
Production, 1 000 t	2 161	2 437	2 532

1) Excluding non-recurring items.
2) ROOC = 100% x Operating profit/Average operating capital.

Consumer board sales were 15.0% down on 2008 mainly due to lower deliveries which were not offset by the higher sales prices. Lower sales were also due to closure of Baienfurt Board Mill at the end of 2008 and the production curtailment lasting over six months at Enocell Pulp Mill.

Operating profit increased by EUR 57.6 million to EUR 164.9 million due to lower variable costs, especially for wood, energy, chemicals and fillers, and lower fixed costs following cost-saving measures and fixed asset impairments, which reduced depreciation.

Industrial Packaging

EUR million	2009	2008	2007
Sales	815.5	1 076.5	1 083.5
EBITDA[1)	65.4	132.7	168.8
Operating profit[1)	17.6	73.9	111.9
% of sales	2.2	6.9	10.3
Operating capital 31 December	568.2	616.1	697.1
ROOC, %[2)	3.0	11.2	17.1
Average number of employees	5 548	5 903	5 907
Paper and board deliveries, 1 000 t	832	1 008	1 065
Paper and board production, 1 000 t	807	1 020	1 058
Corrugated packaging deliveries, million m^2	966	1 071	1 091
Corrugated packaging production, million m^2	962	1 066	1 090

1) Excluding non-recurring items.
2) ROOC = 100% x Operating profit/Average operating capital.

Industrial packaging sales were EUR 815.5 million, 24.3% down on 2008 due to lower sales volumes and sales prices and adverse currency trends affecting Russian and Polish production units.

Operating profit was EUR 17.6 million, down EUR 56.3 million on the previous year due to lower sales. However, variable costs were significantly lower mainly due to decreases in recovered paper costs. Fixed costs also decreased as the impact of cost improvement actions materialised.

Wood Products

EUR million	2009	2008	2007
Sales	1 239.6	1 503.3	1 853.1
EBITDA[1)	25.6	-19.4	205.5
Operating (loss)/ profit[1)	-8.0	-67.5	150.7
% of sales	-0.6	-4.5	8.1
Operating capital 31 December	561.1	618.6	763.6
ROOC, %[2)	-1.4	-9.8	19.5
Average number of employees	4 426	4 835	4 876
Deliveries, 1 000 m^3	4 902	5 893	6 348

1) Excluding non-recurring items.
2) ROOC = 100% x Operating profit/Average operating capital.

Wood product sales were 17.5% down on 2008 mainly due to lower sales prices and volumes in the difficult business conditions.

The operating loss of EUR 8.0 million was an improvement of EUR 59.5 million compared with the previous year, despite the lower sales. This was mainly due to the large decrease in wood costs and reduced fixed costs following cost-saving measures.

The share of equity accounted investment operational results, excluding non-recurring items and fair valuations, amounted to EUR 61.4 (EUR 42.1) million, the increase mainly due to transfer prices and foreign exchange rates on pulp.

Operating profit includes a net effect of fair valuations of EUR 4.4 (EUR -69.6) million from the accounting of share-based compensation, Total Return Swaps (TRS), CO_2 emission rights and IAS 41 forest valuations that were related to equity accounted investments.

The Group has undergone major restructuring in recent years, from divestments to mill closures, and in April 2009 the Group announced the Next Step programme intended to make Stora Enso a simpler, fast-reacting and more focused group, and achieve annual savings of EUR 250 million. The savings will be obtained by reducing top and middle management, and by downsizing staff functions and country organisations by one-third. Total expenses recorded in respect of the Next Step programme in 2009 amounted to EUR 47.2 million mainly related to redundancy costs.

The Group continued to restructure its asset base with reductions of sawnwood at Kitee and Varkaus sawmills, and closure of Tolkkinen Sawmill. Uncoated fine paper capacity is being reduced with the permanent shutdown of paper machine 8 at Imatra Mills in March 2010. Fixed asset impairments in 2009 amounted to EUR 618.5 (EUR 739.5) million, of which EUR 239.2 million related to the closures and EUR 379.3 million arose from the impairment testing undertaken in the third and fourth quarters.

Restructuring provisions and impairments, together with adjustments to earlier announced restructurings, amounted to EUR 684.1 (EUR 1 010.4) million recorded as non-recurring items. Other non-recurring items amounted to a loss of EUR 244.0 (EUR 35.0) million mainly related to share impairments as described in Note 16 Available-for-Sale Investments in the Group Consolidated Financial Statements. Operating loss including fair valuations and non-recurring items was EUR 607.6 (EUR 726.6) million.

Net financial expenses were EUR 279.2 (EUR 167.2) million. Net interest expenses decreased by EUR 64.5 million to EUR 100.7 million and foreign exchange losses increased from EUR 15.3 million to EUR 29.1 million. The net loss from other financial items amounted to EUR 149.4 (gain EUR 13.3) million, including EUR 148.5 million due to impairment of the NewPage vendor note. The remaining loss of EUR 0.9 million comprises income of EUR 13.6 million from payment-in-kind notes, fair valuation gains of EUR 8.3 million on interest rate swaps, fair valuation gains of EUR 9.7 million on long-term debt and other expenses of EUR 32.5 million.

Profit before tax and minority interests excluding non-recurring items increased by EUR 42.6 million to EUR 194.2 million. Loss before tax including non-recurring items was EUR 886.8 (EUR 893.8) million.

Net taxes from continuing operations totalled EUR 8.6 (EUR 214.8) million, equivalent to an effective tax rate of 1.0% (24.0%) which are described in more detail in Note 10 of the Group Consolidated Financial Statements.

The profit attributable to minority shareholders was EUR 1.5 (EUR -1.3) million, leaving a loss of EUR 879.7 (EUR 673.4) million attributable to Company shareholders.

Earnings per share from continuing operations excluding non-recurring items were EUR 0.19 (EUR 0.18) and including non-recurring items EUR -1.12 (EUR -0.86). Earnings per share from total operations including non-recurring items were EUR -1.12 (EUR -0.85). Cash earnings per share from continuing operations were EUR 0.94 (EUR 0.99) excluding non-recurring items. Return on capital employed from continuing operations was 3.9% (3.4%) excluding non-recurring items and 3.9% (4.1%) excluding non-recurring items and fair valuations. Group capital employed was EUR 7 776.3 million on 31 December 2009, a net decrease of EUR 998.2 million due to the restructuring of the Group, fixed asset and goodwill impairments, fair valuations of NewPage and decreased working capital.

Key Figures - Continuing Operations

	2009	2008	2007
Sales, EUR million	8 945.1	11 028.8	11 848.5
Operating profit excluding NRI and fair valuations[1], EUR million	320.5	388.4	861.1
% of sales	3.6	3.5	7.3
Operating profit (IFRS), EUR million	-607.6	-726.6	176.9
% of sales	-6.8	-6.6	1.5
Return on equity (ROE)[2], %	-16.2	-10.1	-2.5
Return on capital employed excluding NRI and fair valuations[1], %	3.9	4.1	8.6
Debt/equity ratio[2]	0.51	0.56	0.39
EPS (basic), EUR	-1.12	-0.86	0.01
EPS excluding NRI, EUR	0.19	0.18	0.94
Dividend and distribution per share[3], EUR	0.20	0.20	0.45
Payout ratio, excluding NRI, %	105.0	111.1	47.9
Dividend and distribution yield, % (R share)	4.1	3.6	4.4
Price/earnings (R share)	25.7	30.7	10.9
Equity per share[2], EUR	6.50	7.09	9.63
Market capitalisation 31 Dec, EUR million	4 025	4 378	8 076
Closing price 31 Dec, A/R share, EUR	5.85/4.88	5.63/5.52	10.19/10.24
Average price, A/R share, EUR	5.03/4.27	7.48/7.32	12.71/12.67
Number of shares 31 Dec (thousands)	789 538	789 538	789 538
Trading volume A share (thousands)	2 536	1 712	5 409
% of total number of A share	1.4	1.0	3.1
Trading volume R share (thousands)	1 297 668	1 231 605	1 263 658
% of total number of R share	211.9	201.1	206.5
Average number of shares, basic (thousands)	788 620	788 620	788 599
Average number of shares, diluted (thousands)	788 620	788 620	788 751

1) NRI = Non-recurring items. These are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains, additional write-downs, provisions for planned restructuring and penalties. Non-recurring items are normally specified individually if they exceed one cent per share. Fair valuations include synthetic options net of realised and open hedges, CO_2 emission rights, and valuations of biological assets related to forest assets in equity accounted investments.

2) Total operations.

3) See Board of Directors' proposal for the distribution of funds.

Financing

Cash flow from continuing operations was EUR 1 260.9 (EUR 748.4) million and cash flow after capital expenditure was EUR 837.2 (EUR 43.7) million. Working capital decreased by EUR 606.5 (EUR 31.8) million as receivables and inventories decreased with lower sales, and management efforts improved working capital ratios.

Cash Flow from Continuing Operations

EUR million	2009	2008
Operating profit (loss)	-607.6	-726.6
Depreciations and other non-cash items*	1 262.0	1 443.2
Change in working capital	606.5	31.8
Cash Flow from Operations	**1 260.9**	**748.4**
Capital expenditure	-423.7	-704.7
Cash Flow after Investing Activities	**837.2**	**43.7**

* Other non-cash items consist mainly of associated company result and accounting fair valuations.

At the end of the period, net interest-bearing liabilities of the Group were EUR 2 593.8 million, a decrease of EUR 530.2 million compared with 31 December 2008, mainly due to the strong cash flows during the year from disciplined working capital management and reduced capital expenditure. Cash and cash equivalents net of bank overdrafts amounted to EUR 877.0 million, compared with EUR 372.6 million at the end of 2008.

Total unutilised committed credit facilities and cash and cash-equivalent net reserves were EUR 1.4 billion. In addition, Stora Enso has access to various long-term sources of funding up to EUR 0.7 billion.

The debt/equity ratio at 31 December 2009 was 0.51 (0.56). The currency effect on equity was positive EUR 249.2 million net of the hedging of equity translation risks. The fair valuation of cash flow and commodity hedges and available-for-sale investments recorded in other comprehensive income, increased equity by EUR 338.9 million.

At the end of the year, the ratings for Stora Enso's rated bonds were the following:

Rating agency	Long/short-term rating	Valid from
Standard & Poor's	BB (negative) / B	14 May 2009
Moody's	Ba2 (negative)/ NP	8 May 2009
Fitch	BB (negative) / B	24 July 2009 (unsolicited)

Capital expenditure

Capital expenditure including interest and internal costs capitalised in 2009 totalled EUR 423.7 million, which is EUR 281.0 million less than in 2008, as the Group reduced its expenditure in order to maintain a healthy cash flow. No new projects were announced in 2009, although in October the Group in conjunction with its Chilean partner Arauco acquired the majority of Grupo ENCE's assets in Uruguay. On 4 February 2010, it was announced that Stora Enso's and Arauco's joint-venture company in Uruguay, Montes del Plata, had decided to initiate a feasibility study on Punta Pereira as the site for a possible future pulp mill. Studies prepared by Montes del Plata show that Punta Pereira, in the Department of Colonia, is a promising location for the possible pulp mill and therefore more detailed economic, technical, environmental and social studies are justified. Punta Pereira also offers flexibility in terms of planning for a long-term investment.

The biggest projects in 2009 were the ongoing energy efficiency projects. In Newsprint and Magazine Paper segments ongoing energy investments totalling EUR 260 million at Langerbrugge Mill in Belgium and Maxau Mill in Germany are both scheduled to be completed in the second quarter of 2010. The capital expenditure at Langerbrugge Mill in 2009 was EUR 50 million and at Maxau Mill EUR 67 million bringing total costs incurred to date to EUR 186 million. These investments will significantly reduce fuel costs while increasing the use of bioenergy, and are intended to reduce annual carbon dioxide emissions by some 105 000 tonnes.

Stora Enso is investing EUR 137 million to build a power plant for its Industrial Packaging mill at Ostrołeka in Poland. By the end of 2009, EUR 54 million had been expended on the project, which started in November 2008 and is expected to be completed in the third quarter of 2010. The new power plant, which will be able to use multiple fuels, will improve Ostrołeka Mill's energy self-sufficiency and efficiency, thereby reducing carbon dioxide emissions. The power plant investment will further improve the cost competitiveness of Stora Enso's operations in Poland and support the Group's strategy of maintaining profitable growth in the growing Central and Eastern European market.

Consumer Board is currently rebuilding board machine BM4 at Imatra Mills in Finland, the total expenditure of which is expected to be EUR 50 million. At year end the first operational runs had been completed and the amount capitalised to date was EUR 24 million. The remaining amount to be capitalised is expected during the first quarter of 2010. Also at Imatra in Finland, the total expenditure capitalised in respect of reducing the mills' dependence on Russian wood amounted to EUR 24 million.

In 2009 the Group spent EUR 36 million on developing plantations in South America and China.

In May 2008 Stora Enso decided to commence a feasibility study for an integrated pulp and paper mill in the Nizhny Novgorod region in Russia, as the findings of a pre-feasibility study supported continuation of the study process. However, in February 2009, the Group decided to defer its final decision to a later stage due to the weak global financial situation.

Research and Development

Stora Enso spent EUR 71.1 (EUR 79.2) million on research and development (R&D) in 2009, equivalent to 0.8% (0.7%) of sales.

Besides operational and product development support, the R&D activities concentrate on biorefining and bioenergy, including bio-based barriers, micro materials, material and energy efficiency, and “Urban living and construction” in Wood Products.

Stora Enso is increasingly utilising external leading partners in its R&D networks in order to source the required widening scientific base. The Packaging Business Area is focusing its R&D in sustainable fibre based packaging materials and solutions. The Mönchengladbach Research Centre is focusing on media paper, production efficiency and recycling issues.

New Business Creation operations acquired majority ownership of Design Force AB, and has explored opportunities in areas such as packaging solutions utilising printed intelligence and production of specialty chemicals from by-products.

Personnel

On 31 December 2009 there were 27 390 employees in the Group, 4 277 less than at the end of 2008. The decrease is due to earlier announced mill closures and the Next Step restructuring programme. The average number of employees decreased by 5 119 persons during the year to 28 696.

Personnel expenses from continuing operations totalled EUR 1 349.6 (EUR 1 669.1) million or 15.1% of sales. Wages and salaries were EUR 961.5 (EUR 1 205.2) million, pension costs EUR 195.6 (EUR 204.0) million and other statutory employer costs EUR 192.5 (EUR 259.9) million.

The majority of employees (61%) were in Finland, Sweden and Germany, where the average number of employees decreased by 21% in 2009. Although the overall number of employees is decreasing, there is growth in certain geographic areas. The average number of employees grew most in China, with an increase of 13%. Due to the Group’s strong focus on growth markets, further growth is expected in Latin America and Asia, relative to the Nordic countries and Germany.

The Group has an ageing workforce in the majority of countries where it operates, especially in Finland, Sweden and Germany, where 32%, 31% and 26% of employees respectively were 51 to 60 years old, and 3%, 7% and 2% were over 61 years old.

As regards gender, 20% of employees were women, the same proportion as in 2008, and 19% of recruits to permanent positions in 2009 were women (20%), 35% had a bachelor’s degree or higher qualification (30%).

Personnel turnover decreased from the previous year’s 6.3% to 3.7% in 2009. The number of training days per employee was 2.6, down 0.5 days on 2008.

The Group absenteeism rate due to sickness and accidents was 3.9% (4.3%) of total theoretical working hours.

Risks and risk management

Sensitivity analysis

Prices for paper and board products have historically been cyclical, reflecting overall economic conditions and changes in capacity within the industry; along with volatility in raw material prices, mainly for wood, pulp and energy, and exposure to exchange rates, which affects the profitability of the paper, packaging board and wood products industries.

Group profit is affected by changes in price and volume, though the impact on operating profit depends on the segment. The table below shows the operating profit sensitivity to a +/- 10% change in either price or volume for different segments based on figures for 2009.

Operating Profit: Impact of Changes +/- 10%, EUR million

Business Area	Price	Volume
Newsprint and Book Paper	132	55
Magazine Paper	167	62
Fine Paper	182	57
Consumer Board	189	77
Industrial Packaging	82	36
Wood Products	123	29

Risk management

Enterprise risk management involves continuous monitoring of identified material risks and prioritising of risks based on their likelihood at all levels in the organisation, and taking them into account in the strategic and business planning processes. It is also important to identify and manage related opportunities in an efficient manner.

The Business Areas are responsible for evaluating opportunities and managing risks to which they are exposed. Some specialist corporate functions, such as Treasury, property risk management and the Investment Committee, are responsible for setting up systems, routines and processes in their specific areas to measure and manage the possible realisation of risks and/or the impact of risks.

Risks can be specific to the Group, or related to the industry or a geographical market. Some risks can be managed by the Group, whereas others are outside its control. Stora Enso has identified a number of potential risks that could affect its future profitability and performance. General risks, such as GDP changes, are not included in the list of special risks for Stora Enso.

Stora Enso has categorised risks into four areas: 1) strategic risks, 2) operational risks, 3) hazard risks and 4) financial risks. In order to mitigate the impact of risks and achieve a more stable business, the Group has a policy for managing the risks.

Despite the measures taken to manage risks and mitigate the impact of risks, there can be no assurance that such risks, if they occur, will not have a material adverse effect on Stora Enso’s business, financial condition, operating profit or ability to meet all financial obligations.

Strategic risks

Business environment risks

Continued competition and supply/demand imbalances in the paper, packaging and wood products markets may have an impact on profitability. The paper, packaging and wood products industries are mature, capital intensive and highly competitive. Stora Enso's principal competitors include a number of large international forest products companies and numerous regional and more specialised competitors.

Economic cycles and changes in consumer preferences may have an adverse effect on demand for certain products, and hence on profitability. The ability to respond to changes in consumer preferences and develop new products on a competitive and economic basis calls for continuous market and end-use monitoring.

Increased input costs such as, but not limited to energy, fibre, other raw materials, transportation and labour may adversely affect profitability. Securing access to reliable low-cost supplies and proactively managing costs and productivity are of key importance.

Changes in legislation, especially environmental regulations, may affect Stora Enso's operations. Stora Enso follows, monitors and actively participates in the development of environmental legislation to minimise any adverse effects on its business. Tighter environmental legislation may affect fibre sourcing or production costs.

Business development risks

Business development risks are mainly related to Stora Enso's strategy. The Group aims to increase profitability through organic growth and selective mergers and acquisitions in its core businesses, mainly in growth markets, and through operational improvements in the existing production base. Stora Enso aims to reduce the volatility of its business by making its portfolio less cyclical.

The value of investments in the growth markets may be affected by political, economic and legal developments in those countries. Stora Enso's operations in such countries are also affected by local cultural and religious factors, environmental and social issues and the ability to cope with local and international stakeholders. Stora Enso is also exposed to risk related to reorganisations and improvements in existing establishments.

For Stora Enso, development may be partially dependent on acquisitions or mergers. However, there are risks related to potential mergers and acquisitions, which Stora Enso manages through its corporate merger and acquisition guidelines and due diligence process. These guidelines ensure Stora Enso's strategic and financial targets, and risks related to environmental and social responsibility are taken into account.

Business development risks also include risks related to the supply and availability of natural resources, raw materials and energy.

In addition, a few significant shareholders might influence or control the direction of the business.

Supplier risks

In many areas Stora Enso is dependent on suppliers and their ability to deliver a product at the right time and of the right quality. The most important inputs are fibre, transport, chemicals and energy, and in capital investment projects machinery and equipment. For some of these inputs, the limited number of suppliers is a risk. The Group therefore uses a wide range of suppliers and monitors them to avoid situations that might jeopardise continued production or development projects.

Availability and acceptability of wood

Reliance on imported fibre may cause disruptions in the supply chain and oblige the Group to pay higher prices or alter manufacturing operations. Economic, political, legal or other difficulties or restrictions leading to lower logging activities or increasing domestic demand for raw material due to further development of their forest products industries may halt or limit the supply of raw material from these countries.

Environmental and social responsibility in wood procurement and forest management is a prime requirement of stakeholders. Failing to ensure that the origin of wood used by the Group is acceptable could have serious consequences in markets. Stora Enso manages this risk through its Principles for Sustainable Wood and Fibre Procurement and Land Management, which set the basic requirements for all Stora Enso wood procurement operations. Traceability systems are used to document that all wood and fibre come from legal and acceptable sources. Forest management certification and chain-of-custody certification are other tools for managing risks related to the acceptability of wood.

Human resources risks

Developing a competent workforce and managing key talent throughout Stora Enso's global organisation are crucial to business development, especially at a time of restructuring and redundancies due to divestments and closures. Through a combination of different actions Stora Enso are managing the risks and loss of key talents. The actions are assessment of management and talents, annual succession planning process and different development activities such as leadership development programmes, skills training, coaching and mentoring. Stora Enso is also working with different Labour Market Images activities in order to become an attractive employer also in the future.

Climate change risks

Stora Enso is committed to contributing to mitigating the effects of climate change by actively seeking opportunities to reduce the Group's carbon footprint. Risks related to climate change are managed via activities related to finding clean, affordable and safe energy sources for production and transportation, and reducing energy consumption. Additional measures include energy efficiency initiatives, use of carbon-neutral biomass, utilisation of combined heat and power, and sequestration of carbon dioxide in forests and forest products. Wood products provide an alternative to more carbon-intensive products.

Governance risks

Stora Enso is a large international Group containing a variety of operational and legal structures, so clear governance rules are essential. Stora Enso has well-defined Corporate Governance with bodies that have different tasks and responsibilities to ensure structured handling of all important issues regarding the development of the Group.

Stora Enso's Communications Policy emphasises the importance of transparency, credibility, responsibility, proactivity and interaction. It was formulated from the communications practices of the Group, which follow laws and regulations applicable to the Company.

Operational risks

Market risks

The risks related to factors such as demand, price, competition, customers, suppliers and raw materials are regularly monitored by each Business Area and Unit as a routine part of its business. These risks are also monitored and evaluated by the corporate functions Finance and Strategy to get a perspective of the Group's total asset portfolio and overall long-term profitability potential.

Product prices, which tend to be cyclical in this industry, are affected by changes in capacity and production within the industry. Customer demand for products, which also affects the product price level, is influenced by general economic conditions and inventory levels. Changes in prices differ between products and geographic regions.

Changes in raw material and energy costs can also affect profitability, as fibre accounts for some 32% and energy some 10% of Stora Enso's production costs.

The following tables shows Stora Enso's major cost items.

Composition of Costs and Sales

Costs	% of Costs	% of Sales
Logistics & Commissions	9	9
Manufacturing Costs		
Fibre	32	31
Chemicals and fillers	10	10
Energy	10	10
Production Services and Material	3	3
Personnel	15	14
Other	15	14
Depreciation and Amortisation	6	6
Total costs/sales	**100**	**97**
Total costs/sales EUR million	**8 711**	**8 945**

Commodity and energy price risk

Reliance on outside suppliers for natural gas, coal and the majority of electricity consumed leaves the Group susceptible to changes in energy market prices and disturbances in the supply chain. In 2009, external suppliers covered about 47% of Stora Enso's electricity needs in Finland and Sweden. The corresponding figure in Continental Europe was 73%.

The Group applies consistent long-term energy risk management. The price and supply risks are mitigated through physical long-term contracts and financial derivatives. The Group hedges price risks in raw material and end-product markets, and supports development of financial hedging markets.

Labour market disruptions

A significant portion of Stora Enso employees are members of labour unions. There is a risk that the Group may face labour market disruptions that could interfere with operations and have material adverse effects on the business, financial conditions and profitability, especially at a time of restructuring and redundancies due to divestments and closures. The majority of employees are represented by labour unions under several collective agreements in different countries where Stora Enso operates, so relations with unions are of high priority.

Supply chain risks

Managing risks related to suppliers and subcontractors is important to Stora Enso. The ability of suppliers and sub-contractors to meet quality stipulations and delivery times is crucial to the efficiency of production and investments. Suppliers and subcontractors must also comply with Stora Enso's sustainability requirements as they are part of Stora Enso's value chain, and their sustainability performance could harm Stora Enso and its reputation.

Information Technology (IT) risks

Stora Enso operates in a business environment where information has to be available to support the business processes. The Stora Enso Corporate IT function provides an Information Risk Management System to identify IT risks and regulatory requirements.

Standardisation of business applications, IT infrastructure and IT processes (ITIL) is a very important cornerstone of IT risk management. These activities reduce risks related not only to internal control and financial reporting, but also to the operation of the whole production environment.

Hazard risks

Environmental risks

Stora Enso may face high compliance and clean-up costs under environmental laws and regulations, which could reduce profit margins and earnings. These risks are minimised through environmental management systems and environmental due diligence for acquisitions and divestments, and indemnification agreements where effective and appropriate clean-up projects are required. Clean-up projects are naturally related to mill closures.

Antitrust risks

Stora Enso's Competition Law Compliance Programme is continuously kept up to date. The current version dates from 18 February 2009. The programme clearly states Stora Enso's support of free and fair competition, and Stora Enso's commitment to complying with competition laws. This commitment is an integral part of Stora Enso's Code of Conduct and Business Practice Principle. Stora Enso is continuing to take action to emphasise its commitment to compliance through corporate policies and training.

Property and business disruption risks

Protecting production assets is a high priority for Stora Enso to achieve the target of avoiding any unplanned production stoppages. This is done by structured methods of identifying, measuring and controlling different types of risk. Stora Enso Group Risk Management (GRM) handles these tasks together with insurance companies. Each year a number of technical risk inspections are carried out at production units. A Risk Management Policy, various risk assessment tools and specific loss prevention programmes are also used.

Planned stoppages for maintenance and other work are important in keeping machinery in good condition.

Striking a balance between accepting risks and avoiding, mitigating or transferring risks is a high priority. GRM is responsible for ensuring that the Group has adequate insurance cover and supports units in their loss prevention work. Optimising the total cost of risks is facilitated by the use of the Group's own captive.

Product safety

Among the uses for Stora Enso paper and board are various food contact applications for which food and consumer safety issues are important. The mills producing these products have established or are working towards certified hygiene management systems based on risk and hazard analysis. In addition, all Stora Enso mills have certified ISO quality management systems.

Occupational Health and Safety (OHS) risks

Stora Enso's target is that workplaces are free from accidents and work-related illnesses and that employees are healthy and have good working ability. Workplace accidents cause human suffering and often temporary interruption of production and other operations. Safety can be improved and operational continuity ensured through adequate OHS management based on risk assessment. Stora Enso must also be prepared for major epidemics and even pandemics originating from the surrounding society.

Personnel security risks

Personnel security can never be compromised, so Stora Enso has to be aware of potential security risks and give adequate guidelines to people for managing risks related to, for example, travel, work and living in countries with security or crime concerns. Focusing on the security of key personnel is also important from a business continuity perspective.

Natural catastrophes

Stora Enso has to acknowledge that natural catastrophes such as storms, flooding, earthquakes or volcanic activity may affect the Group's premises and operations. However, most of the Group's assets are located in areas where the probability of flooding, earthquakes and volcanic activity is low. The outcome of such catastrophes can be diminished by emergency and business continuity plans that have been proactively designed together with the relevant authorities.

Environmental issues

Stora Enso's environmental costs totalled EUR 147 (EUR 184) million in 2009, including taxes, fees, refunds, and permit-related costs, repair and maintenance, chemicals and materials, but excluding interest and depreciation.

Provision for environmental remediation amounted to EUR 145.0 (EUR 135.3) million at 31 December 2009 details of which can found in Note 24 Other Provisions in The Consolidated Financial Statements. There are currently no active or pending legal claims concerning environmental issues which could have material adverse effect on Stora Enso's financial position.

In 2009, Stora Enso's environmental investments amounted to EUR 21 million (EUR 40 million). These investments were mainly directed to improve the quality of air and water, enhance resource efficiency, and minimise the risk of accidental spills. Significant environmental investments during 2009 included the installation of a new recycling facility at Barcelona Mill in Spain and the replacement of a gas turbine at Sachsen Mill in Germany.

Reducing the environmental impacts of our mills is a top priority for Stora Enso. Our mills strive to use raw materials, energy, water and other resources as efficiently as possible. All of our pulp, paper and board production units have management systems certified according to ISO 14001 in place, with the exception of Arapoti Mill in Brazil, which is working towards certification. Our policy is to ensure that all newly acquired companies and units gain ISO 14001 certification. As part of a Group-level decision to consolidate management system certifications such as ISO 14001 from the unit level to the business area level, Stora Enso decided to withdraw from the European Union's Eco Management and Audit Scheme (EMAS).

Water scarcity is becoming a worldwide issue that calls for global action, especially from business and industry. In response to this global concern, Stora Enso has particularly focused on water issues during 2009;

- Stora Enso's CEO signed the UN Global Compact's CEO Water Mandate as the first paper and packaging company.
- Stora Enso initiated an in-depth study of water use, covering all of our pulp, paper and board mills.
- Stora Enso also started a pilot project at Skoghall Mill in Sweden to test the water accounting methodology developed by the Water Footprint Network (WFN), in collaboration with WFN, World Wildlife Foundation (WWF), and the Alliance for Beverage Carton and Environment (ACE).

During 2009 we made limited progress towards our target to reduce process water discharges by 10% by the year 2010 from 2005 levels, after good progress in 2008. Our normalised process water discharges are currently 3% lower than in the baseline year 2005. We also only made poor progress towards our target to reduce the organic content of water releases in terms of Chemical Oxygen Demand (COD) by 10% by the end of 2013 from 2007 levels. Our normalised COD discharges are currently only 1% lower than the baseline year 2007. These results are explained by the many production curtailments during 2009. Having many starts and stops at mills makes it difficult to run waste water treatment facilities efficiently. Even if the overall results are poor, some mills have been making considerable improvements. For instance, Barcelona Mill in Spain has reduced its water discharges by 56% over the past five years, and is aiming for zero discharges.

During 2009 our normalised discharges of nitrogen increased, while phosphorous discharges decreased. Compounds of both nitrogen and phosphorus are used to provide nutrient sources for the micro-organisms in our biological waste water treatment processes. Excessive amounts of nitrogen and phosphorus in water bodies can lead to increased biological activity through eutrophication. Over the period 2005–2009, our normalised discharges of both nitrogen and phosphorus have declined, by 16% for nitrogen and 36% for phosphorus.

In 2009 we reduced our CO_2 emissions per tonne of product from our pulp, paper and board mills by 18% from our target baseline year 2006.

While some mills were able to reduce their CO_2 emissions per tonne of product significantly, the performance at other mills suffered from production curtailments which impacted negatively on the energy efficiency. Another significant reason to the CO_2 reductions achieved during 2009 was increased purchases of electricity generated from low carbon supply mixes.

In 2009 we continued to make good progress in reducing our SO_2 emissions. Our target has been to reduce SO_2 emissions by 30% from 2007 levels by the end of 2013. This target was already reached during 2009, as our normalised SO_2 emissions have declined by 30% since 2007, but the target will remain in place to ensure that emissions remain low in the longer term. Over the five year period 2005–2009 we have considerably reduced our normalised emissions for both SO_2 and nitrogen oxides (NOx), by 44% and 7%, respectively.

In 2009 our total waste to landfill increased to 17 kg/tonne of pulp, board and paper produced (13 kg/tonne in 2008), due to the many production stoppages at our pulp, paper and board mills. Consequently no progress was made towards our target to reduce normalised waste to landfill by 5% by the end of 2013 from 2007 levels. In 2009, 39% more waste to landfill was generated (kg/tonne) than in our target base line year 2007. The main reason for this increase was the great number of production curtailments in 2009. Starts and stops generate considerable quantities of excess sludge. Other reasons include the increased use of biomass fuels, which generate more ash than other fuels, and reduced demand for ash for beneficial uses.

Stora Enso's pulp, paper and board production units created 2 955 tonnes of hazardous waste in 2009, down from 3 714 tonnes in 2008. Hazardous wastes from our production generally include used oils, solvents, paints, laboratory chemicals and batteries. We dispose of hazardous wastes by either burning them for energy recovery, or ensuring that they are safely processed at licensed hazardous waste facilities or incinerators. No significant spills, releases or leakages of hazardous wastes occurred in 2009.

We constantly strive to improve the efficiency of our use of raw materials. This reduces both environmental impacts and costs. Wood is Stora Enso's most important raw material. We ensure that all harvested trees are used efficiently. Other important materials used in pulp and paper production include fillers, starches, pigments, and recovered fibre.

The environmental aspects of mill closures are handled in accordance with legislative procedures in each country. Stora Enso submitted an environmental permit application in relation to the closure of Kemijärvi Mill in 2008. While awaiting an official decision on the matter from the authorities, we have already started to decontaminate the area, based on an assessment of contaminated soil and groundwater areas conducted in 2008 and approved by the environmental authorities.

Verified information on environmental matters is published in a separate Sustainability Performance 2009 report.

Inspections by Competition Authorities

In 2007, following US Federal District Court trial, Stora Enso was found not guilty of charges by the US Department of Justice relating to practices in the sale of coated magazine paper in the USA in 2002 and 2003. Coincident with this case, Stora Enso has been named in a number of class action lawsuits filed in the USA which still are pending. No provisions have been made in Stora Enso's accounts for these lawsuits.

Changes in Group management

On 23 April 2009 Stora Enso announced a new organisational structure and new Group Executive Team with immediate effect. The Business Areas are now:

- Publication Paper (comprising the former Newsprint & Book Paper and Magazine Paper) headed by Juha Vanhainen
- Packaging (comprising the former Consumer Board and Industrial Packaging) headed by Mats Nordlander
- Fine Paper headed by Hannu Alalauri
- Wood Products headed by Hannu Kasurinen

As of 23 April 2009, the Group Executive Team comprises the following eight members:

- Jouko Karvinen, CEO
- Hannu Alalauri, EVP, Fine Paper
- Hannu Kasurinen, EVP, Wood Products
- Mats Nordlander, EVP, Packaging and regional responsibility for Asia Pacific
- Markus Rauramo, CFO
- Bernd Rettig, EVP, Technology and Strategy, Country Manager Germany
- Elisabet Salander Björklund, EVP, Wood Supply, HR, Sustainability, Country Manager Sweden, regional responsibility for Latin America
- Juha Vanhainen, EVP, Publication Paper, Country Manager Finland

Share capital

During the year a total of 2 397 A shares were converted into R shares. The latest conversion was recorded in the Finnish Trade Register on 14 August 2009.

On 31 December 2009 Stora Enso had 177 150 084 A shares and 612 388 415 R shares in issue, of which the Company held no A shares and 918 512 R shares with a nominal value of EUR 1.6 million. The holding represents 0.12% of the Company's share capital and 0.04% of voting rights. The total number of Stora Enso shares in issue was 789 538 499 and the total number of votes 238 388 926.

Ownership Distribution, 31 December 2009

	% of shares	% of votes
Finnish institutions	16.7	22.3
Solidium Oy*	12.3	25.1
Finnish private shareholders	2.7	2.0
Swedish institutions	13.7	30.7
Swedish private shareholders	4.2	3.1
ADR holders	5.7	1.9
Under nominee names (non-Finnish/ non-Swedish shareholders)	44.6	15.0

* Entirely owned by the Finnish State

Share Distribution, 31 December 2009

By size of holding, A shares	Shareholders	%	Shares	%
1–100	2 456	38.05	133 975	0.07
101–1 000	3 341	51.75	1 297 639	0.73
1 001–10 000	619	9.59	1 500 561	0.85
10 001–100 000	32	0.50	683 545	0.39
100 001–1 000 000	2	0.03	758 789	0.43
1 000 001–	5	0.08	172 775 575	97.53
Total	**6 455**	**100.00**	**177 150 084**	**100.00**

By size of holding, R shares	Shareholders	%	Shares	%
1–100	4 970	22.37	334 541	0.06
101–1 000	12 633	56.87	5 690 260	0.93
1 001–10 000	4 170	18.77	12 051 083	1.97
10 001–100 000	347	1.56	8 540 633	1.40
100 001–1 000 000	72	0.33	28 092 190	4.58
1 000 001–	22	0.10	557 679 708	91.06
Total	**22 214**	**100.00**	**612 388 415**	**100.00**

According to Euroclear Finland

Events after the Period

On 4 February 2010 Stora Enso announced that Stora Enso's and Arauco's joint-venture company in Uruguay, Montes del Plata, has decided to initiate a feasibility study on Punta Pereira as the site for a possible future pulp mill.

On 4 February 2010 Stora Enso also announced Stora Enso Nomination Committee's proposals to the Annual General Meeting on 31 March 2010 concerning members of the Board of Directors.

Near-term Outlook

Global economic recovery is underway, but any pickup in demand for the Group's products is forecast to be slow and insufficient to restore supply and demand balance in the short term and alleviate overcapacity.

Demand for graphic paper is predicted to be somewhat better than in the exceptionally poor first quarter of 2009, but the outlook still remains weak. In Europe seasonal weakness in demand for newsprint and magazine paper is expected to be partially offset by the anticipated gradual improvement in the economy. A further seasonal improvement in demand for fine paper, especially uncoated fine paper, is foreseen in the current quarter. Demand is forecast to be better than a year ago for consumer board, industrial packaging and wood products.

In Europe market prices for publication paper grades are expected to remain under pressure due to structural supply and demand imbalance. Uncoated fine paper prices seem to have bottomed out, but coated fine paper prices remain challenging. Prices are expected to improve slightly in consumer board and industrial packaging, and stay unchanged in wood products, supported by improved market balance and low product inventories.

In China demand for uncoated magazine paper is forecast to be weaker than a year ago, and also seasonally weaker than in the fourth quarter of 2009 due to the Chinese New Year holiday. Prices are expected to be higher than in the previous quarter. Demand for coated fine paper is predicted to be stronger than a year earlier with prices similar to the last quarter.

In Latin America demand for coated magazine paper is forecast to be stronger than a year ago due to the recovery in national economies, but seasonally weaker than in the previous quarter. Prices seem to have bottomed out and price increases are foreseen.

The Group's cost deflation forecast before own actions is approximately 1% for 2010.

Proposal for the distribution of funds

The Board of Directors proposes to the Annual General Meeting (AGM) that the parent company's loss for the accounting period last ended and the losses from previous periods evidenced in the parent company's balance sheet, in aggregate EUR 1 251 265 583.67 be covered through the decrease of the parent company's fund for invested unrestricted equity with the same amount.

The parent company's distributable shareholders' equity at 31 December 2009 amounted to EUR 790 826 716.53 taking into account the loss for the period ended on 31 December 2009. The Board of Directors further proposes to the AGM of the Company that EUR 0.20 per share, a maximum aggregate of EUR 157 907 699.80, be distributed to the shareholders from the parent company's fund for invested unrestricted equity.

The Distribution shall be paid to shareholders that on the Distribution record date, 7 April 2010, are recorded in the shareholders' register maintained by Euroclear Finland Ltd or in the separate register of shareholders maintained by Euroclear Sweden AB for Euroclear Sweden registered shares. The Distribution payable for Euroclear Sweden registered shares will be forwarded by Euroclear Sweden AB and paid in Swedish krona. The Distribution payable to ADR holders will be forwarded by Deutsche Bank Trust Company Americas and paid in US dollars.

The Board of Directors proposes to the AGM that the Distribution shall be paid by the Company on 20 April 2010.

Annual General Meeting

The Annual General Meeting (AGM) will be held at 16.00 (Finnish time) on Wednesday 31 March 2010 at Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

Consolidated Income Statement

EUR million	Note	2009	2008	2007
		Year Ended 31 December		
Continuing Operations				
Sales	3	**8 945.1**	**11 028.8**	**11 848.5**
Other operating income	6	172.8	120.2	88.4
Changes in inventories of finished goods and work in progress		-200.5	-78.1	81.0
Change in net value of biological assets	14	-3.3	-18.2	7.5
Materials and services		-5 464.3	-6 815.7	-7 051.5
Freight and sales commissions		-833.6	-1 127.1	-1 133.9
Personnel expenses	7	-1 349.6	-1 669.1	-1 712.9
Other operating expenses	6	-833.1	-752.6	-761.9
Share of results in equity accounted investments	15	111.8	7.6	341.3
Depreciations, amortisation and impairment charges	12	-1 152.9	-1 422.4	-1 529.6
Operating (Loss) / Profit	3	**-607.6**	**-726.6**	**176.9**
Financial income	9	209.3	356.7	161.9
Financial expense	9	-488.5	-523.9	-318.6
(Loss) / Profit before Tax		**-886.8**	**-893.8**	**20.2**
Income tax	10	8.6	214.8	-7.4
Net (Loss) / Profit for the Year from Continuing Operations		**-878.2**	**-679.0**	**12.8**
Discontinued Operations: Profit / (Loss) after Tax for the Year	5	**-**	**4.3**	**-225.2**
Net (Loss) for the Year from Total Operations		**-878.2**	**-674.7**	**-212.4**
Attributable to:				
Equity holders of the Parent Company	20	-879.7	-673.4	-214.7
Non-controlling interests	21	1.5	-1.3	2.3
Net (Loss) for the Year		**-878.2**	**-674.7**	**-212.4**
Earnings per Share				
Basic & diluted (loss) per share, Total Operations, EUR	34	-1.12	-0.85	-0.27
Basic & diluted (loss) / earnings per share, Continuing Operations, EUR	34	-1.12	-0.86	0.01

Consolidated Statement of Comprehensive Income

EUR million	Note	2009	2008	2007
		Year Ended 31 December		
Net (Loss) for the Period		**-878.2**	**-674.7**	**-212.4**
Other Comprehensive Income				
Actuarial gains & losses on defined benefit pension plans	22	-20.4	-12.7	17.3
Asset revaluation on step acquisition	4	3.9	-	-
Available-for-sale financial assets	16	180.3	-398.0	217.3
Currency and commodity hedges	29	224.1	-312.3	5.6
Share of other comprehensive income of equity accounted investments	29	-8.5	-9.4	5.1
Currency translation movements on equity net investments (CTA)	30	252.6	-328.3	-224.0
Currency translation movements on non-controlling interests	21	5.9	-5.5	4.6
Net investment hedges	30	0.7	1.3	53.7
Income tax relating to components of other comprehensive income	10	-65.0	88.8	168.7
Other Comprehensive Income, Net of Tax		**573.6**	**-976.1**	**248.3**
Total Comprehensive Income		**-304.6**	**-1 650.8**	**35.9**
Total Comprehensive Income Attributable to:				
Owners of the Parent		-312.0	-1 644.7	33.5
Non-controlling interests	21	7.4	-6.1	2.4
		-304.6	**-1 650.8**	**35.9**

The accompanying notes are an integral part of these consolidated Financial Statements.

Consolidated Statement of Financial Position

EUR million		Note	2009	2008	2007
			As at 31 December		
Assets					
Fixed Assets and Non-Current Investments					
Goodwill	O	13	208.3	207.6	502.7
Other intangible fixed assets	O	13	71.4	77.5	159.1
Property, plant and equipment	O	13	4 700.2	5 413.7	6 476.7
		13	**4 979.9**	**5 698.8**	**7 138.5**
Biological assets	O	14	152.5	133.6	88.7
Emission rights	O		25.3	67.0	5.2
Equity accounted investments	O	15	1 481.3	1 042.5	1 154.5
Available-for-Sale: Interest-bearing	I	16	71.7	154.9	161.8
Available-for-Sale: Operative	O	16	778.5	954.3	1 260.8
Non-current loan receivables	I	19	159.6	130.3	126.5
Deferred tax assets	T	10	155.8	74.5	63.7
Other non-current assets	O	17	30.4	16.2	22.6
			7 835.0	**8 272.1**	**10 022.3**
Current Assets					
Inventories	O	18	1 281.6	1 693.6	1 992.6
Tax receivables	T	10	2.4	25.0	34.3
Short-term operative receivables	O	19	1 362.6	1 583.2	2 063.1
Interest-bearing receivables	I	19	221.2	251.1	227.8
Cash and cash equivalents	I		890.4	415.8	970.7
			3 758.2	**3 968.7**	**5 288.5**
Total Assets			**11 593.2**	**12 240.8**	**15 310.8**
Equity and Liabilities					
Equity Attributable to Parent Company Shareholders					
Share capital		20	1 342.2	1 342.2	1 342.2
Share Premium and Reserve Fund			76.6	2 276.4	2 276.4
Treasury shares		20	-10.2	-10.2	-10.2
Other comprehensive income		29	668.3	334.0	960.4
Cumulative translation adjustment		30	-194.6	-443.8	-115.6
Invested non-restricted equity fund			2 042.1	-	-
Retained earnings			2 079.6	2 768.8	3 355.1
Net (loss) for the period			-879.7	-673.4	-214.7
			5 124.3	**5 594.0**	**7 593.6**
Non-controlling interests		21	58.2	56.5	71.9
Total Equity			**5 182.5**	**5 650.5**	**7 665.5**
Non-Current Liabilities					
Post-employment benefit provisions	O	22	305.0	299.0	327.3
Other provisions	O	24	180.4	202.3	135.9
Deferred tax liabilities	T	10	364.4	277.5	582.0
Non-current debt	I	28	2 898.4	3 007.8	3 354.8
Other non-current operative liabilities	O	25	43.1	28.5	52.7
			3 791.3	**3 815.1**	**4 452.7**
Current Liabilities					
Current portion of non-current debt	I	28	814.8	437.4	513.1
Interest-bearing liabilities	I	28	210.1	587.7	482.2
Bank overdrafts	I		13.4	43.2	91.4
Current operative liabilities	O	25	1 473.0	1 602.1	1 971.3
Tax liabilities	T	10	108.1	104.8	134.6
			2 619.4	**2 775.2**	**3 192.6**
Total Equity and Liabilities			**11 593.2**	**12 240.8**	**15 310.8**

Items designated “O” comprise Operative Capital, Items designated “I” comprise Interest-bearing Net Liabilities, Items designated “T” comprise Net Tax Liabilities.
The accompanying notes are an integral part of these consolidated Financial Statements.

Consolidated Cash Flow Statement

EUR million	Note	2009	2008	2007
		Year Ended 31 December		
Cash Flow from Operating Activities				
Net (loss) for the year		-878.2	-674.7	-212.4
Result from the Statement of Other Comprehensive Income		233.4	-280.9	3.6
Adjustments & reversal of non-cash items:				
Taxes	10	-8.6	-212.7	196.1
Depreciation & impairment charges	12	1 152.9	1 468.5	1 881.3
Change in value of biological assets	14	3.3	18.2	-7.5
Change in fair value of options & TRS		-43.7	6.1	23.6
Share of results of equity accounted investments	15	-111.8	-7.6	-342.7
Profits and losses on sale of fixed assets and investments	6	248.5	-12.5	-36.0
CTA & Equity hedges expensed	5, 6, 29	5.3	-32.3	-138.8
Net financial items	9	279.2	172.7	266.2
Dividends received from equity accounted investments	15	7.5	13.5	31.8
Interest received		9.9	26.9	21.0
Interest paid		-113.5	-191.2	-261.9
Income received on interest-bearing securities	9	-	0.2	0.4
Other financial items, net		-116.7	211.3	-82.4
Income taxes (paid) / received	10	-3.0	25.5	-111.6
Change in net working capital, net of businesses acquired or sold		638.0	81.5	-330.9
Net Cash Provided by Operating Activities		**1 302.5**	**612.5**	**899.8**
Cash Flow from Investing Activities				
Acquisition of subsidiary shares	4	-8.4	-4.5	-71.4
Acquisition of shares in equity accounted investments	15	-128.5	-53.9	-91.6
Acquisition of available-for-sale investments	16	-2.3	-8.8	-14.3
Capital expenditure	3, 13	-388.3	-648.3	-770.2
Investment in biological assets	14	-35.4	-58.3	-50.2
Proceeds from disposal of subsidiary shares	4	7.1	171.4	330.1
Proceeds from disposal of shares in equity accounted investments	15	8.9	0.1	0.4
Proceeds from disposal of available-for-sale investments	16	23.8	15.6	15.9
Proceeds from sale of fixed assets	13	60.5	52.0	83.5
Proceeds from / (payment of) non-current receivables, net		-24.2	-16.2	17.8
Net Cash Used in Investing Activities		**-486.8**	**-550.9**	**-550.0**
Cash Flow from Financing Activities				
Proceeds from new long-term debt		636.1	303.6	289.0
Repayment of long-term liabilities		-411.3	-634.2	-799.5
Proceeds from / (payment of) current borrowings, net		-359.9	4.0	1 145.4
Dividends and capital repayments paid		-157.7	-354.9	-354.9
Equity injections less dividends from/to non-controlling interest	21	-7.7	-4.2	7.0
Options exercised and repurchase of own shares		-	-	-2.1
Net Cash (Used) / Provided in Financing Activities		**-300.5**	**-685.7**	**284.9**
Net Increase / (Decrease) in Cash and Cash Equivalents		**515.2**	**-624.1**	**634.7**
Cash and bank in acquired companies		4.4	-	0.3
Cash and bank in divested companies		-0.1	-31.3	-110.8
Translation adjustment		-15.1	148.7	45.5
Cash and cash equivalents at beginning of year		372.6	879.3	309.6
Net Cash and Cash Equivalents at Year End		**877.0**	**372.6**	**879.3**
Cash and Cash Equivalents at Year End		**890.4**	**415.8**	**970.7**
Bank Overdrafts at Year End		**-13.4**	**-43.2**	**-91.4**
		877.0	372.6	879.3

The accompanying notes are an integral part of these consolidated Financial Statements.

Consolidated Cash Flow Statement

Supplemental Cash Flow Information

EUR million	Note	2009	2008	2007
		Year Ended 31 December		
Change in Net Working Capital consists of:				
Change in inventories		468.7	49.5	-245.7
Change in interest-free receivables:				
Current		261.6	-38.9	-136.4
Non-current		0.6	5.5	18.3
Change in interest-free liabilities:				
Current		-90.3	-4.9	220.8
Non-current		-34.2	59.8	-161.3
Proceeds from / (payment of) short-term interest-bearing receivables		31.6	10.5	-26.6
		638.0	**81.5**	**-330.9**
Non-Cash Investing Activities				
Total Capital Expenditure		394.4	658.3	-
Amounts paid		-388.3	-648.2	-
Finance lease obligations incurred		**6.1**	**10.1**	**-**
Acquisition of Group Companies	4			
Cash Flow on Acquisitions				
Purchase consideration on acquisitions		8.4	4.5	71.4
Cash and cash equivalents in acquired companies		-4.4	-	-0.3
Gain from step acquisition realised directly in equity		3.9	-	-
Total Acquisition Value		**7.9**	**4.5**	**71.1**
Acquired Net Assets				
Operating working capital		20.4	0.1	-9.5
Operating fixed assets	13	17.6	4.0	10.7
Tax liabilities	10	16.0	-0.4	-0.2
Interest-bearing liabilities		-44.1	-1.0	-1.2
Non-controlling interest	21	-2.0	1.8	71.3
Total Net Assets Acquired		**7.9**	**4.5**	**71.1**
Disposal of Group Companies	4			
Cash Flow on Disposals				
Cash flow on disposal		7.1	171.4	330.1
Cash and cash equivalents in divested companies		-0.1	-31.3	-110.8
		7.0	**140.1**	**219.3**
Non-cash Transactions				
Available-for-Sale securities	16	-	50.0	377.0
Associate shares	15	87.7	6.9	24.7
Non-controlling interests acquired	21	-	3.3	-30.9
Total Disposal Value		**94.7**	**200.3**	**590.1**
Net Assets Sold				
Operating working capital		2.1	173.8	-126.0
Operating fixed assets	13	92.6	281.8	1 695.8
Biological assets	14	-	-	84.1
Interest-bearing assets less cash and cash equivalents		-	-	0.6
Tax liabilities	10	-	-26.7	-49.6
Interest-bearing liabilities		-	-230.1	-1 019.2
Non-controlling interest	21	-	-	-0.6
		94.7	198.8	585.1
Gain on sale	4, 6, 13	-	1.5	5.0
Total Net Assets Sold		**94.7**	**200.3**	**590.1**

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Statement of Changes in Equity

EUR million	Share Capital	Share Premium & Reserve Fund	Invested Non-Restricted Equity Fund	Treasury Shares	Step Acquisition Revaluation Surplus	Available for sale financial assets	Currency and commodity Hedges	Currency and commodity hedges of associates	CTA & Net investment hedges	Retained Earnings	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2006	**1 342.2**	**2 278.8**	**-**	**-10.5**	**-**	**682.9**	**58.9**	**-6.2**	**-132.0**	**3 703.0**	7 917.7	**103.5**	8 020.6
Profit for the period	-	-	-	-	-	-	-	-	-	-214.7	**-214.7**	2.3	**-212.4**
OCI before tax	-	-	-	-	-	217.3	5.6	5.1	-170.3	21.8	**79.5**	0.1	**79.6**
Income tax relating to OCI	-	-	-	-	-	-1.1	-2.1	-	178.2	-6.3	**168.7**	-	**168.7**
Total Comprehensive Income	-	-	-	-	-	216.2	3.5	5.1	7.9	-199.2	**33.5**	2.4	**35.9**
Dividends relating to 2006	-	-	-	-	-	-	-	-	-	-354.9	**-354.9**	-1.8	**-356.7**
Options exercised	-	-2.4	-	0.3	-	-	-	-	8.5	-8.5	**-2.1**	-	**-2.1**
Acquisition & disposals	-	-	-	-	-	-	-	-	-	-	**-**	39.1	**39.1**
Buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	-	**-**	-71.3	**-71.3**
Balance at 31 December 2007	**1 342.2**	**2 276.4**	**-**	**-10.2**	**-**	**899.1**	**62.4**	**-1.1**	**-115.6**	**3 140.4**	7 593.6	**71.9**	7 665.5
Profit for the period	-	-	-	-	-	-	-	-	-	-673.4	**-673.4**	-1.3	**-674.7**
OCI before tax	-	-	-	-	-	-398.0	-312.3	-9.4	-327.0	-13.4	**-1 060.1**	-4.8	**-1 064.9**
Income tax relating to OCI	-	-	-	-	-	9.5	83.8	-	-1.2	-3.3	**88.8**	-	**88.8**
Total Comprehensive Income	-	-	-	-	-	-388.5	-228.5	-9.4	-328.2	-690.1	**-1 644.7**	-6.1	**-1 650.8**
Dividends relating to 2007	-	-	-	-	-	-	-	-	-	-354.9	**-354.9**	-4.2	**-359.1**
Acquisition & disposals	-	-	-	-	-	-	-	-	-	-	**-**	-3.3	**-3.3**
Buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	-	**-**	-1.8	**-1.8**
Balance at 31 December 2008	**1 342.2**	**2 276.4**	**-**	**-10.2**	**-**	**510.6**	**-166.1**	**-10.5**	**-443.8**	**2 095.4**	5 594.0	**56.5**	5 650.5
Loss for the period	-	-	-	-	-	-	-	-	-	-879.7	**-879.7**	1.5	**-878.2**
OCI before tax	-	-	-	-	3.9	180.3	224.1	-8.5	253.3	-20.4	**632.7**	5.9	**638.6**
Income tax relating to OCI	-	-	-	-	-	-6.7	-58.8	-	-4.1	4.6	**-65.0**	-	**-65.0**
Total Comprehensive Income	-	-	-	-	3.9	173.6	165.3	-8.5	249.2	-895.5	**-312.0**	7.4	**-304.6**
Dividends relating to 2008	-	-	-	-	-	-	-	-	-	-	**-**	-2.2	**-2.2**
Acquisition & disposals	-	-	-	-	-	-	-	-	-	-	**-**	-3.4	**-3.4**
Buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	-	**-**	-0.1	**-0.1**
Transfer to distributable reserves	-	-2 042.1	2 042.1	-	-	-	-	-	-	-	**-**	-	**-**
Return of capital	-	-157.7	-	-	-	-	-	-	-	-	**-157.7**	-	**-157.7**
Balance at 31 December 2009	**1 342.2**	**76.6**	**2 042.1**	**-10.2**	**3.9**	**684.2**	**-0.8**	**-19.0**	**-194.6**	**1 199.9**	5 124.3	**58.2**	**5 182.5**

Note 1 Accounting Principles

Principal activities

Stora Enso Oyj ("the Company") is a Finnish limited liability company organised under the laws of the Republic of Finland and with its registered address at Kanavaranta 1, 00160 Helsinki. Its shares are currently listed on the NASDAQ OMX Helsinki and Stockholm. The operations of Stora Enso Oyj and its subsidiaries (together "Stora Enso" or the "Group") are organised into business areas, being Publication Paper, Fine Paper, Packaging, Wood Products, and Other, the latter comprising Wood Supply and the supporting areas of Energy and Head Office, together with other Group functions. The Group's main market is Europe, though with an expanding presence in the Asia and South America.

These Financial Statements were authorised for issue by the Board on 3 February 2010.

Basis of preparation

The Consolidated Financial Statements of Stora Enso have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). However, the differences between full IFRS and EU-adopted IFRS do not impact these Financial Statements, being the consolidated Financial Statements of Stora Enso Oyj and its subsidiaries which have been prepared under the historical cost convention except as disclosed in the accounting policies below.

Consolidation principles

The Consolidated Financial Statements include the parent company, Stora Enso Oyj, and all companies in which it holds, directly or indirectly, over 50% of the voting rights. The Financial Statements of companies, which Stora Enso controls through management agreements with majority shareholders, but in which Stora Enso holds less than 50% of the voting rights, are also consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether an entity is consolidated. The principal subsidiaries are listed in Note 32 Principal Subsidiaries.

Associated Companies, where Stora Enso exercises significant influence, generally considered to be where the Group has voting rights of between 20% and 50%, are accounted for using the equity method, which involves recognising in the Income Statement the Group's share of the associate's profit or loss for the year less any impaired goodwill. These companies represent undertakings in which the Group has significant influence, but which it does not control; the most significant such companies are listed in Note 15 Equity Accounted Investments. The Group's interest in an associated company is carried in the Statement of Financial Position at an amount that reflects its share of the net assets of the associate together with any remaining goodwill on acquisition. When the Group share of losses exceeds the carrying amount of an investment, the carrying amount is reduced to nil and any recognition of further losses ceases unless the Group is obliged to satisfy obligations of the investee which it has guaranteed or is otherwise committed to.

Joint ventures, where Stora Enso jointly controls an entity with other third parties, are also accounted for using the equity method as described above; the most significant such companies are listed in Note 15 Equity Accounted Investments.

Acquired companies are accounted for under the purchase method whereby they are included in the Consolidated Financial Statements from their acquisition date, whereas, conversely, divestments are included up to their date of sale.

All intercompany transactions, receivables, liabilities and unrealised profits, as well as intragroup profit distributions, are eliminated. Accounting policies for subsidiaries and all equity accounted investments are adjusted where necessary to ensure consistency with the policies adopted by Stora Enso. Non-controlling interests are presented as a separate component of equity.

Non-controlling interests

Non-controlling interests are presented within the equity of the Group on the Statement of Financial Position. The profit or loss attributable to both non-controlling interests and to equity holders of the parent company is presented on the face of the Income Statement after the profit for the period. Transactions between non-controlling interests and Group shareholders are now transactions within equity and are thus shown in the Statement of Changes in Shareholder Equity and Note 21 Non-Controlling Interests.

New and amended standards effective in 2009

- IAS 1 Presentation of Financial Statements (Revised), has introduced a number of terminology changes, revised titles for the primary statements and changes in the format and content of the financial statements. The main change in the Group's financial statements is the new Statement of Comprehensive Income which replaces the Statement of Recognised Income and Expense. The adoption of this standard has had no Impact on the reported results or financial position of the Group.
- IFRS 8 Operating Segments replaced IAS 14 and requires an entity to adopt the 'management approach' to reporting the financial performance of its operating segments, under which the segment result in Financial Statements will reflect how the Group reports segments internally for management purposes. The main change is that the segment operating results will exclude non-recurring items, share-based payments fair valuation adjustments, Total Return Swaps ("TRS"), emission rights and biological asset fair valuation movements.
- IFRS 3 Business Combinations (Revised) was early adopted by the Group on 1 April 2009, the revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value

at the acquisition date, with some contingent payments subsequently re-measured at fair value through the Income Statement. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the non-controlling interest, though all transaction costs will be expensed. The adoption of this standard did not have a significant impact as the Group had no material acquisitions during the year. For more details see Note 4 Acquisitions and Disposals.

- IAS 27 Consolidated and Separate Financial Statements (Amendment), was early adopted by the Group on 1 April 2009 and requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control such that they will no longer result in goodwill or gains and losses. The Group already used the Economic Entity Model and thus this revision had no effect on the Group. The standard also specifies the accounting when control is lost such that any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.
- IFRS 7 Financial Instruments: Disclosures (Amendments), requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value hierarchy. The adoption of this standard has had no impact on the reported results or financial position of the Group.

New and amended standards adopted in 2009 with no effect on the financial statements

- IFRS 2 Share-Based Payment - Vesting Conditions and Cancellations (Amendment), clarifies that only service and performance conditions are vesting conditions. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.
- IAS 32 Financial Instruments: Presentation, and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments). This standard requires an entity to classify puttable financial instruments as equity when the instrument creates an obligation to deliver to another party a pro rata share of the net assets of the entity upon liquidation.
- IFRS 1 First-time adoption of International Financial Reporting Standards - Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate (amendments) is not relevant to the Group.
- IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement - Embedded Derivatives (Amendments) does not impact the Group's financial statements as it has not nor intends to reclassify hybrid financial instruments in accordance with the October 2008 amendments to IAS 39.
- IFRIC 15 Agreements for construction of real estates is not relevant to the Group's operations as all revenue transactions are accounted for under IAS 18.
- IFRIC 16 Hedges of a net investment in a foreign operation. IFRIC 16 clarifies that net investment hedging relates to differences in functional currency rather than presentation currency and that the requirements of IAS 21 do apply to the hedged item.
- IFRIC 18 Transfers of Assets from Customers is not relevant to the Group's operations as it does not receive items of property, plant and equipment from customers, or cash that is received and used to acquire or construct specific assets.
- IAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments), relates to a parent companies separate financial statements and therefore outside the scope of these consolidated financial statements.

New and amended standards and interpretations not yet effective in 2009

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters (Amendments) is not relevant to the Group.
- IFRS 2 Group Cash-settled Share-based Payment Arrangements effective 1 January 2010 clarifies the scope and the accounting for group cash-settled share-based payment transactions. This revision is not expected to have any impact on the Group's financial statements.
- IAS 39 Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendment) clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. This amendment is not expected to have an impact on the financial position or performance of the Group.
- IFRIC 17 Distributions on Non-cash Assets to Owners provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders and is not relevant to the Group.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the transaction date, but at the end of the month, foreign currency-denominated receivables and liabilities are translated using the month-end exchange rate. Foreign exchange differences for operating items are recorded in the appropriate income statement account within operating profit, and, for financial assets and liabilities, are entered in the financial items of the Income Statement, except when deferred in equity as qualifying net investment hedges. Translation differences on non-monetary financial assets, such as equities classified as Available-for-Sale, are included in equity.

Foreign currency translations – subsidiaries

The Income Statements of subsidiaries, whose functional and presentational currencies are not Euros, are translated into the Group reporting currency using the average exchange rates for the year, whereas the Statements of Financial Position of such subsidiaries are translated using the exchange rates at the reporting date. Exchange differences arising from the retranslation of the net investments in foreign entities, being non-Euro foreign subsidiary and equity accounted undertakings, and of financial instruments which are designated as and are hedges of such investments, are recorded directly in shareholders' equity in the Cumulative Translation Adjustment (CTA), as shown in the Consolidated Statement of Comprehensive

Income and Note 30 Cumulative Translation Adjustments and Equity Hedging. The cumulative translation differences of divestments and liquidations are combined with their gain or loss on disposal. CTA is also recycled in the Income Statement upon the repayment of share capital, return of investment and any partial disposal of a business unit.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently at their anticipated realisable value, an estimate being made for doubtful receivables based on an objective review of all outstanding amounts at the year-end. Losses relating to doubtful receivables are recorded in the Income Statement within Other Operating Expenses. Trade Receivables are included in current assets under Short-term Operative Receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, deposits held at call with banks and other liquid investments with original maturity of less than three months. Bank overdrafts are included in short-term borrowings under current liabilities.

Investments

The Group classifies its investments in marketable debt and equity securities, and investments in unlisted equity securities into three categories being trading, held-to-maturity and available-for-sale. Investments acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and are therefore fair valued through the Income Statement and presented as current assets. Investments with fixed maturity, which management has the intent and ability to hold to maturity, are classified as held-to-maturity, to be disclosed in non-current assets; during the period the Group held no investments in these categories. Investments in listed and unlisted shares as well as payment-in-kind (PIK) notes are classified as available-for-sale. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Available-for-sale investments are initially recognised at fair value and subsequent gains and losses are booked to equity in Other Comprehensive Income (OCI) and, when they are sold, the accumulated fair value adjustments are then included in the Income Statement. The values of all investments, where the market value has been below the carrying value for more than a year, are reviewed at least annually for impairment. If management believes that the diminution of value is permanent, then that part of the fair value reserve (OCI) represented by the impairment is transferred to the Income Statement.

Loan receivables

Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recorded initially at fair value and are subject to regular and systematic review as to collectability. If any loan receivable is estimated to be unrecoverable, a provision is made for the shortfall between the carrying amount and the present value of the expected cash flows. Interest income on loan receivables is included within financial income. Loan receivables with a maturity of less than 12 months are included in current assets under Interest-bearing Receivables and those with maturities greater than 12 months, in Non-current Loan Receivables.

Debt

Debt is recognised initially at fair value, net of transaction costs incurred. In subsequent periods, it is stated at amortised cost using the effective yield method; any difference between proceeds, net of transaction costs, and redemption value is recognised in the Income Statement over the period of the borrowings. Interest expenses are accrued for and recorded in the Income Statement for each period.

Debt with an original maturity greater than 12 months is classified as Non-current Debt on the Statement of Financial Position, though repayments falling due within 12 months are presented in Current Liabilities under the Current Portion of Non-current Debt. Short-term commercial paper, bank and other interest bearing borrowings, where the original maturity is less than 12 months are presented in Current Liabilities under Interest-bearing Liabilities.

Derivative financial instruments and hedging

Financial derivatives are initially recognised in the Statement of Financial Position at fair value and subsequently measured at their fair value at each reporting date, though the method of recognising the resulting gains or losses is dependent on the nature of the item being hedged. When derivative contracts are entered into, the Group designates them as either hedges of the exposure to changes in the fair value of recognised assets or liabilities (fair value hedge), hedges of forecast transactions or firm commitments (cash flow hedge), hedges of net investments in foreign entities or as derivative financial instruments not meeting the hedge accounting criteria in accordance with IAS 39.

Changes in the fair value of derivatives designated and qualifying as fair value hedges, and which are highly effective, are recorded in the Income Statement, along with any changes in the fair value of the hedged assets or liabilities attributable to the hedged risk.

Changes in the fair value of derivatives designated and qualifying as cash flow hedges, and which are effective, are recognised in equity to the Hedging Reserve within OCI, the movements of which are disclosed in the Consolidated Statement of Comprehensive Income. The cumulative gain or loss of a derivative deferred in equity is transferred to the Income Statement and classified as income or expense in the same period in which the hedged item affects the Income Statement.

When a hedging instrument expires, is sold, terminated or exercised, has its designation revoked or it no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss deferred in equity at that time remains in equity and is accounted for as an adjustment to income or expense when the committed or forecast transaction is ultimately recognised in the Income Statement. However, if the forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity, from the period when the hedge was effective, shall be recognised in the Income Statement immediately.

Certain derivative transactions, while providing effective economic hedges under Group risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39 and therefore changes in the fair value of such non-qualifying hedge instruments together with any ineffectiveness of hedge accounted instruments are accounted for at fair value through the Income Statement. Fair value changes of derivative instruments relating to sales, purchases and staff benefits are presented under operating profit and specified in Note 29 Financial Instruments and in Note 7 Staff Costs. Fair value changes from all other derivatives are recognised in the Income Statement under financial items.

Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges, the Group using either derivatives or borrowings for this purpose. Where the hedging instrument is a derivative, any gain or loss thereon relating to the effective portion of the hedge is recognised in equity in CTA, as disclosed in the Consolidated Statement of Comprehensive Income; the gain or loss relating to the ineffective portion is immediately recognised in the Income Statement. In addition, exchange gains and losses arising on the translation of a borrowing that hedges such an investment are also recognised in CTA, any ineffective portion being immediately recognised in the Income Statement.

At the inception of a transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all financial instruments designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

Fair value of financial instruments

The fair values of publicly traded derivatives, along with trading and available-for-sale securities, are based on quoted market prices at the reporting date; the fair values of interest rate swaps are calculated as the present value of the estimated future cash flows while the fair values of foreign exchange forward contracts are determined using forward exchange rates at the reporting date. In assessing the fair values of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions based on market conditions at each reporting date. Quoted market prices or dealer quotes for identical or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair values for the remaining financial instruments. The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

Purchases and sales of financial instruments are recognised on the trade-date, which is the date on which the Group commits to purchase or sell the financial instrument. Financial instruments are derecognised when the rights to receive or the cash flows from the financial instruments have expired or have been transferred and the Group has transferred substantially all risks, rewards and obligations of the ownership of the financial instrument asset or liability.

Revenue recognition

Sales comprise products, raw materials, services, less indirect sales tax and discounts, and are adjusted for exchange differences on sales in foreign currency. Sales are recognised after Stora Enso has transferred the risks and rewards of ownership to the buyer and the Group retains neither a continuing right to dispose of the goods, nor effective control of those goods; usually, this means that sales are recorded upon delivery of goods to customers in accordance with agreed terms of delivery.

Stora Enso terms of delivery are based on Incoterms 2000, being the official rules for the interpretation of trade terms as issued by the International Chamber of Commerce. The main categories of terms covering Group sales are:

- "D" terms, under which the Group is obliged to deliver the goods to the buyer at the agreed destination, usually the buyer's premises, in which case the Point of Sale is the moment of delivery to the buyer.
- "C" terms, whereby the Group arranges and pays for the external carriage and certain other costs, though the Group ceases to be responsible for the goods once they have been handed over to the carrier in accordance with the relevant term. The Point of Sale is thus the handing over of the goods to the carrier contracted by the seller for the carriage to the agreed destination.
- "F" terms, being where the buyer arranges and pays for the carriage, thus the Point of Sale is the handing over of goods to the carrier contracted by the buyer.

Where local rules may result in invoices being raised in advance of the above, the effect of this revenue advancement is quantified and adjusted for.

Revenues from services are recorded when the service has been performed.

Shipping and handling costs

Where Stora Enso is responsible for arranging transport for its sales, such costs are not billed separately but are included in revenue in the value of the goods billed to customers; the shipping costs incurred are shown in cost of sales.

Research and development

Research costs are expensed as incurred in Other Operating Expenses in the Consolidated Income Statement. Development costs are also expensed as incurred unless it is probable that future economic benefits will flow to the Group, in which case they are capitalised as intangible assets and depreciated over the period of the income streams.

Computer software development costs

Development costs or acquisition costs of new software clearly associated with an identifiable and unique product, which will be controlled by the Group and has probable benefit exceeding its cost beyond one year, are recognised as an intangible asset and amortised over the software's expected useful life. Website costs are expensed as incurred.

Environmental remediation costs

Environmental expenditures resulting from the remediation of an existing condition caused by past operations, and which do not contribute to current or future revenues, are expensed as incurred. Environmental liabilities are recorded, based on current interpretations of environmental laws and regulations, when it is probable that a present obligation has arisen and the amount of such liability can be reliably estimated.

Discontinued operations and assets held for sale

A discontinued operation represents a separate major line of business, or geographical area, for which the assets less liabilities and net financial results may be distinguished physically, operationally and for financial reporting purposes, which has been disposed or is classified as Held for Sale. Assets are classified as such when it is highly probable that the carrying amount of the asset will be recovered through a sale transaction rather than continuing use.

Income taxes

The Group income tax expense/benefit includes taxes of Group companies based on taxable profit/loss for the period, together with tax adjustments for previous periods, the change in deferred income taxes and share of tax of equity accounted investments. The Statement of Financial Position also includes amounts in current tax relating to the tax effect of equity hedging, as shown in the Income Tax Reconciliation in Note 10 Income Taxes.

Deferred income taxes are provided using the liability method, as measured with enacted, or substantially enacted, tax rates, to reflect the net tax effects of all temporary differences between the financial reporting and tax bases of assets and liabilities. Principal temporary differences arise from depreciation on property plant and equipment, revaluation of net assets in acquired companies, fair valuation of available-for-sale investments and financial derivatives, inter-company inventory profits, untaxed reserves and tax losses carried forward; the latter is recognised as an asset to the extent that it is probable that future taxable profits will be available against which unused tax losses can be utilised.

Goodwill

Goodwill represents future economic benefits arising from assets that are not capable of being individually identified and separately recognised by the Group on an acquisition. Goodwill is computed as the excess of the cost of an acquisition over the fair value of the Group's share of the fair value of net assets of the acquired subsidiary at the acquisition date and is allocated to those groups of cash generating units expected to benefit from the acquisition for the purpose of impairment testing. Goodwill arising on the acquisition of non-Euro foreign entities is treated as an asset of the foreign entity denominated in the local currency and translated at the closing rate.

Goodwill is not amortised but tested for impairment on an annual basis, or more frequently if there is an indication of impairment.

Gains and losses on the disposal of a Group entity include any goodwill relating to the entity sold.

Goodwill arising upon the acquisition of an equity accounted investment is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value over the cost of the acquisition, after reassessment, is recognised immediately in the income statement.

Intangible assets

Intangible assets are stated at historical cost and are amortised on a straight-line basis over their expected useful lives which usually vary from 3 to 10 years and up to 20 years for patents. Intangible items acquired must be recognised as assets separately from goodwill if they meet the definition of an asset, are either separable or arise from contractual or other legal rights and their fair value can be measured reliably.

Intangible assets recognised separately from goodwill in acquisitions consist of marketing and customer related or contract and technology-based intangible assets. Typical marketing and customer related assets are trademarks, trade names, service marks, collective marks, certification marks, customer lists, order or production backlogs, customer contracts and the related customer relationships. The contract and technology-based intangible assets are normally licensing and royalty agreements or patented technology and trade secrets such as confidential formulas, processes or recipes. The fair value determination of customer contracts and related relationships is derived from expected retention rates and cash flow over the customers' remaining estimated life time. The value of trademarks is derived from discounted cash flow analysis using the relief from royalty method.

Property, plant and equipment

Property, plant and equipment acquired by Group companies are stated at historical cost, augmented where appropriate by asset retirement costs; assets arising on the acquisition of a new subsidiary are stated at fair value at the date of acquisition. Depreciation is computed on a straight-line basis, as adjusted for any impairment and disposal charges; the Statement of Financial Position value represents cost less accumulated depreciation and any impairment charges. Interest costs on borrowings to finance the construction of these assets are capitalised as part of the cost during the construction period.

Land is not depreciated as it is deemed to have an indefinite life, but otherwise depreciation is based on the following expected useful lives:

Asset class	Depreciation years
Buildings, industrial	10–50
Buildings, office & residential	20–50
Groundwood mills	15–20
Hydro-electric power	40
Paper, board & pulp mills, main machines	20
Heavy machinery	10–20
Converting factories	10–15
Sawmills	10–15
Computers	3–5
Vehicles	5
Office equipment	3–5
Railway, harbours	20–25
Forest roads	10–35
Roads, fields, bridges	15–20
Intangible assets	3–20

Ordinary maintenance and repair charges are expensed as incurred, however, the costs of significant renewals and improvements are capitalised and depreciated over the remaining useful lives of the related assets. Retirements, sales and disposals of property, plant and equipment are recorded by deducting the cost and accumulated depreciation from the accounting records with any resulting terminal depreciation adjustments reflected in impairment charges in the Income Statement; capital gains are shown in Other Operating Income.

Impairment

The carrying amounts of most fixed assets are reviewed at each reporting date to determine whether there is any indication of impairment, whereas goodwill is tested annually. If any such indication exists, the recoverable amount is estimated as the higher of the net selling price and the value in use with an impairment loss being recognised whenever the carrying amount exceeds the recoverable amount.

A previously recognised impairment loss on plant and equipment is reversed if there has been a change in the estimates used to determine the recoverable amount, however, not to an extent higher than the carrying amount that would have been determined had no impairment loss been recognised in prior years. For goodwill, however, a recognised impairment loss is not reversed.

Whilst intangible assets and property, plant and equipment are subject to impairment testing at the cash generating unit (CGU) level, goodwill is subject to impairment testing at the level of CGU or groups of CGUs, which represents the lowest level within the Group that goodwill is monitored for internal management purposes.

Accounting for leases

Leases of property, plant and equipment, where the Group has substantially all the rewards and risks of ownership, are classified as finance leases. All other leases are classified as operating leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property or the estimated present value of the minimum lease payments. Each lease payment is allocated between the capital liability and finance charges, so as to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing liabilities with the interest element of the finance charge being taken to the Income Statement over the lease period. Property plant and equipment acquired under finance leasing contracts are depreciated over the lesser of the useful life of the asset or lease period.

Payments made under operating leases are expensed on a straight-line basis over the lease periods. When an operating lease is terminated before the expiry of the lease period, any obligatory payment to the lessor by way of penalty is recognised as an expense in the period in which termination takes place. Lease termination benefits are recognised on a discounted basis.

Government grants

Government grants relating to the purchase of property, plant and equipment are deducted from the carrying value of the asset, the net cost being capitalised. Other government grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they were intended to compensate.

Biological assets

IAS 41 Agriculture, requires that biological assets, such as standing trees, are shown on the Statement of Financial Position at market value. Group forests are thus accounted for at fair value less estimated point-of-sale costs at harvest, there being a presumption that fair values can be measured for these assets. Stora Enso also ensures that the Group's share of the valuation of forest holdings in equity accounted Investments is consistent with Group accounting policies.

The valuation of established forest assets is based on discounted cash flow models whereby the fair value of the biological assets is calculated using cash flows from continuous operations, that is, based on sustainable forest management plans taking into account growth potential. The yearly harvest made from the forecasted tree growth is multiplied by actual wood prices and the cost of fertiliser and harvesting is then deducted. The fair value of the biological asset is measured as the present value of the harvest from one growth cycle based on the productive forestland, taking into consideration environmental restrictions and other reservations.

Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material which varies according to the location and species of the assets.

Emission rights and trading

The Group's participation in the European Emissions Trading Scheme, in which it has been allocated allowances to emit a fixed tonnage of carbon dioxide in a fixed period of time, gives rise to an intangible asset for the allowances, a government grant and a liability for the obligation to deliver allowances equal to the emissions that have been made during the compliance period. Emissions allowances recorded as intangible assets are recognised when the Group is able to exercise control and are measured at fair value at the date of initial recognition. If the market value of emission allowances falls significantly below the carrying amount, and the decrease is considered permanent, then an impairment charge is booked for allowances which the Group will not use internally. The liability to deliver allowances is recognised based on actual emissions; this liability will be settled using allowances on hand, measured at the carrying amount of those allowances, with any excess emissions being measured at the market value of the allowances at the period end.

In the Income Statement, the Group will expense, under Materials and Services, emissions made at the fair value of the rights at their grant date, together with purchased emission rights at their purchase price. Such costs will be offset under Other Operating Income by the income from the original grant of the rights used at their fair value at the grant date, together with income from the release or sale of surplus rights. The Income Statement will thus be neutral in respect of all rights consumed that were within the original grant, any net effect represents either the costs of purchasing additional rights to cover excess emissions, the sale of unused rights or the impairment of allowances not required for internal use.

Inventories

Inventories are reported at the lower of cost and net realisable value with cost being determined by the first-in first-out (FIFO) method or, alternatively, weighted average cost where it approximates FIFO. The cost of finished goods and work in progress comprises raw material, direct labour, depreciation, other direct costs and related production overhead but excludes interest expenses. Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and sale.

Where market conditions result in the manufacturing costs of a product exceeding its net realisable value, a valuation allowance is made. Valuation provisions are also made for old, slow moving and obsolete finished goods and spare parts. Such valuation allowances are detailed in Note 11 Valuation Provisions and Note 18 Inventories and, in the Statement of Financial Position, are deducted from the carrying value of the inventories.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Environmental provisions for site reinstatement are made when a project starts production, the capitalised cost of the provision being depreciated over the useful life of the asset. Provisions are discounted back to their current net present value.

A restructuring provision is recognised in the period in which the Group becomes legally or constructively committed to the plan. The relevant costs are only those that are incremental to, or incurred as a direct result of, the exit plan, are the result of a continuing contractual obligation with no ongoing economic benefit or represent a penalty incurred to cancel the obligation.

Employee benefits

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee administered funds. Such pension and post-retirement plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries. Group contributions to the defined contribution pension plans are charged to the Income Statement in the year to which they relate.

For defined benefit plans, accounting values are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the Income Statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every year. The pension obligation is measured as the present value of estimated future cash outflows using interest rates of highly rated corporate bonds or government securities, as appropriate that have maturity terms approximating the terms of the related liability.

The Group immediately recognises all actuarial gains and losses arising from defined benefit plans directly in equity, as disclosed in its Statement of Comprehensive Income. Past service costs are however, identified at the time of any plan amendments and, where vested, are shown in the Income Statement, whilst unvested amounts are amortised systematically over the vesting period. On the Group Statement of Financial Position, the full liability for all plan deficits is recorded, as adjusted for any past service costs still to be amortised.

Executive share options and share awards

The costs of all employee-related share-based payments are charged to the Income Statement as personnel expenses over the vesting period. The synthetic option programmes 2000–2007 are hedged by Total Return Swaps (TRS) which are settled with cash payments, allowing the Company to receive cash compensation to partially offset any change in the share price between the grant and settlement dates.

The fair value of employee services received in exchange for cash settled options is recognised at the fair value of the liability incurred and expensed rateably over the vesting period. The liability is re-measured at each reporting date to its fair value using estimates of the number of options that are expected to become exercisable and the latest fair valuations using the Black-Scholes model, with all changes recognised immediately in the Income Statement.

The fair value of employee services received in exchange for cash-settled share awards is recognised at the fair value of the liability incurred and expensed rateably over the vesting period. The liability is re-measured at each reporting date to its fair value using estimates of the number of share awards that are expected to be issued and the latest fair valuations by using the Stora Enso R-share closing price, with all changes recognised immediately in the Income Statement.

Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares. Diluted earnings per share has been computed by applying the "treasury stock" method, under which earnings per share data is computed as if the warrants and options were exercised at the beginning of the period, or if later, on issue and as if the funds obtained thereby were used to purchase common stock at the average market price during the period. In addition to the weighted average number of shares outstanding, the denominator includes the incremental shares obtained through the assumed exercise of the warrants and options.

The assumption of exercise is not reflected in earnings per share when the exercise price of the warrants and options exceeds the average market price of the common stock during the period. The warrants and options have a dilutive effect only when the average market price of the common stock during the period exceeds the exercise price of the warrants and options.

Dividend and capital repayments

Any dividend or capital repayment proposed by the Board is not deducted from distributable shareholders' equity until approved by the shareholders at the Annual General Meeting.

Note 2 Critical Accounting Estimates and Judgements

Use of estimates

The preparation of Consolidated Financial Statements conforming to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the Financial Statements and the reported amounts of revenues and expenses during the period. Estimates are based on historical experience and various other assumptions that are believed to be reasonable, though actual results and timing could differ from the estimates. Management believes that the accounting policies below represent those matters requiring the exercise of judgment where a different opinion could result in the greatest changes to reported results.

Fixed assets

For material fixed assets in an acquisition, an external advisor is used to perform a fair valuation of the acquired fixed assets and to assist in determining their remaining useful lives. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable, though different assumptions and assigned lives could have a significant impact on the reported amounts.

The carrying amounts of fixed assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired. The recoverable amount of an asset is estimated as the higher of fair value less cost to sell and the value in use, with an impairment charge being recognised whenever the carrying amount exceeds the recoverable amount. The value in use is calculated using a discounted cash flow model which is most sensitive to the discount rate as well as the expected future cash inflows. The key assumptions used in the impairment testing, including sensitivity analysis are explained further in Note 12 Depreciation and Fixed Asset Impairment Charges.

Goodwill

Goodwill is tested by Cash Generating Unit (CGU) or by group of CGUs at least on an annual basis and any impairment is measured using the discounted cash flow valuation method. This method uses future projections of cash flows from each of the reporting units in a CGU or group of CGUs and includes, among other estimates, projections of future product pricing, production levels, product costs, market supply and demand, projected maintenance capital expenditures and an assumption of the weighted average cost of capital. A pre-tax discount rate used for the net present value calculation of projected cash flows reflects the weighted average cost of capital.

The Group has evaluated the most sensitive estimates which when changed could have a material effect on the fair value of the assets or goodwill and therefore could lead to an impairment. These estimates are expected sales prices of the products, expected inflation rate of the product costs and discount rate. The key assumptions used in the impairment testing, including sensitivity analysis are explained further in Note 12 Depreciation and Fixed Asset Impairment Charges.

Fair value of financial instruments

Where the fair value of financial assets and liabilities cannot be derived directly from publicly quoted market prices other valuation techniques such as discounted cash flow models, transaction multiples, Black & Scholes model and Gordon model are employed. The key judgements include future cash flows, credit risk, volatility and changes in assumptions about these factors which could affect the reported fair value of the financial instruments. Investments in debt and equity securities of unlisted entities such as those in NewPage Corporation (NewPage) and Pohjolan Voima Oy (PVO) represents a significant portion of the Group's assets, requires significant management judgement and is explained in more detail in Notes 16 Available-for-Sale Investments and 26 Financial Risk Management.

Income taxes

Tax assets and liabilities are reviewed on a periodic basis and balances are adjusted as appropriate. Management considers that adequate provision has been made for future tax consequences based upon current facts, circumstances and tax law. However, should any tax positions be challenged and not prevail, different outcomes could result and have a significant impact on the amounts reported in the consolidated financial statements.

Post-retirement benefits

The determination of the Group pension obligation and expense is subject to the selection of certain assumptions used by actuaries in calculating such amounts, including, among others, the discount rate, the expected rate of return on plan assets, the annual rate of increase in future compensation levels and estimated lifespans. Amounts charged in the Income Statement are determined by independent actuaries, however, where actual results differ from the initial estimates, together with the effect of any change in assumptions or other factors, these differences are recorded directly in equity, as disclosed in the Statement of Comprehensive Income. See Note 22 Post-Employment Benefits for detailed information on the assumptions used in the pension liability calculations.

Biological assets

Most Group interests in biological assets are held in equity accounted investment companies, though there are some smaller holdings owned directly as well. Biological assets, in the form of free standing trees, are accounted for under IAS 41, which requires that the assets be measured at fair value less costs to sell. Fair value is determined using discounted cash flows from continuous operations based on sustainable forest management plans taking into account the growth potential of one cycle. These discounted cash flows require estimates in growth, harvest, sales price and costs and changes in these premises are included in the Income Statement, for directly owned interests, on the line for Change in Net Value of Biological Assets and, for those assets shown on the Statements of Financial Position of Equity Accounted Investments, on the line for Share of Results in Equity Accounted Investments. It is therefore important that the management of both the Group and the Equity Accounted Investments make appropriate estimates of future price levels and trends for sales and costs, as well as undertaking regular surveys of the forest to establish the volumes of wood available for cutting and their current growth rates.

Environmental provisions

The Group has made provisions for known environmental liabilities based on management's best estimate of the remediation costs. There is uncertainty regarding the timing and amount of these costs and therefore the final liability could differ significantly from the original estimate.

Note 3 Segment Information

For the year ended December 31, 2008, Stora Enso presented the results of its associated companies and joint ventures as a separate segment, "Associates." Upon the adoption of IFRS 8 on January 1, 2009, the Associates segment is no longer a reportable segment as defined by IFRS, however, the results of associated companies and joint ventures continue to be reported separately in the Group's operating profit under the line item "Share of results from equity accounted investments". The adoption of IFRS 8, had no other effect on the number or composition of reportable segments.

The Group's key performance metric used to evaluate the performance of its operating segments and to allocate resources to them is operating profit before non-recurring items and fair valuations. Segment sales include intersegment sales valued at arm's length prices.

In April 2009, Stora Enso changed its organizational structure by dividing its business into four main business areas: the Publication Paper business area (comprising of the former Newsprint and Book Paper and Magazine Paper business areas), the Fine Paper business area, the Packaging business area (comprising of the former Consumer Board and Industrial Packaging business areas) and the Wood Products business area. This restructuring of business areas did not affect Stora Enso's financial reporting segments. The following table shows the new organisation and the reportable segments:

Business Areas	Reportable Segments
Publication Paper	Newsprint & Book Paper, Magazine Paper
Fine Paper	Fine Paper
Packaging	Consumer Boards, Industrial Packaging
Wood Products	Wood Products
Other	Other

The activities of the reportable segments are:

Newsprint and Book Paper
Newsprint and Book Paper produces newsprint, improved newsprint, directory and book paper for publishers and printing houses. The book and directory paper range includes paper for hardback and paperback books, telephone directories and timetables.

Magazine Paper
Magazine Paper offers a wide range of paper for magazines and advertising applications. Uncoated magazine paper is mainly used in periodicals and advertising material, such as inserts and flyers. Coated magazine paper is used in special interest and general interest magazines.

Fine Paper
Fine Paper produces graphic and office paper. Office paper grades include copy paper, printing paper, envelope paper, paper used in schools, notebooks and blocks, business forms for continuous stationery and digital printing paper. Graphic paper grades are tailored to the high quality printing needs of printers and publishers.

Consumer Board
Consumer Board is a specialist producer of liquid packaging board, food service board, graphical board and carton board for use in packaging food, beverages, cigarettes, pharmaceuticals, media products, household products, cosmetics and luxury items.

Industrial Packaging
Industrial Packaging produces corrugated packaging, containerboard, cores and coreboard, laminating paper, paper sacks, and sack and kraft paper. It operates in every stage of the value chain, from recycling and pulp production to packaging production.

Wood Products
Wood Products focuses on the construction and joinery industries and provides mass-customised, engineered fit-to-use products for manufacturing processes. It also supplies a wide range of sawn and processed wood products to timber retailers, merchants and importer-distributors.

Other
The biggest component of segment Other is Wood Supply which procures and supplies wood to the mills, sourcing this from both the Group's two Scandinavian forest associates and from external parties. The other parts of the Segment consist of Energy, Logistics and Group functions.

Discontinued Operations

Merchants
Stora Enso's former paper merchant, Papyrus, was a customer-oriented European merchant network, which offered a range of paper, board, graphic products and e-service solutions to the graphic industry, wholesale, offices and the public and industrial sectors. It was divested in April 2008.

North America
The mills in the USA and Canada formed a separate segment until their divestment in December 2007.

Sales by Segment

	Year Ended 31 December								
	External	Internal	Total	External	Internal	Total	External	Internal	Total
EUR million		**2009**			**2008**			**2007**	
Newsprint and Book Paper	1 267.7	58.1	1 325.8	1 526.5	68.2	1 594.7	1 652.0	82.9	1 734.9
Magazine Paper	1 594.6	81.4	1 676.0	2 083.0	94.0	2 177.0	2 104.9	191.4	2 296.3
Fine Paper	1 735.1	88.8	1 823.9	1 914.8	196.9	2 111.7	1 705.1	451.1	2 156.2
Consumer Board	1 859.4	36.5	1 895.9	2 070.1	161.8	2 231.9	2 122.7	178.2	2 300.9
Industrial Packaging	759.5	56.0	815.5	997.8	78.7	1 076.5	987.0	96.5	1 083.5
Wood Products	1 158.0	81.6	1 239.6	1 410.8	92.6	1 503.3	1 743.9	109.2	1 853.1
Other	570.8	1 604.4	2 175.2	847.0	3 150.0	3 997.1	927.2	3 275.5	4 202.7
Elimination of internal sales	-	-2 006.8	-2 006.8	-	-3 663.4	-3 663.4	-	-3 779.1	-3 779.1
Continuing Operations	**8 945.1**	**-**	**8 945.1**	**10 850.0**	**178.8**	**11 028.8**	**11 242.8**	**605.7**	**11 848.5**
Discontinued: Merchants	-	-	-	708.2	-178.8	529.4	2 004.8	-479.7	1 525.1
Discontinued: North America	-	-	-	-	-	-	1 895.9	-126.0	1 769.9
Total Operations	**8 945.1**	**-**	**8 945.1**	**11 558.2**	**0.0**	**11 558.2**	**15 143.5**	**0.0**	**15 143.5**

Sales include external service income of EUR 35.1 (EUR 57.0) million.

Segment Share of Operating Profit before Non-Recurring Items (NRI) & Fair Valuations (FV), NRIs & FV and Operating Profit

	Year Ended 31 December								
	Operating Profit before NRIs & FV			NRIs & FV			Operating Profit		
EUR million	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Newsprint and Book Paper	128.7	140.8	211.9	-52.2	-15.2	-110.0	76.5	125.6	101.9
Magazine Paper	40.3	88.8	50.9	-163.5	-60.4	-449.0	-123.2	28.4	-398.1
Fine Paper	32.7	80.4	163.7	-314.2	-394.2	-11.6	-281.5	-313.8	152.1
Consumer Board	164.9	107.3	158.0	-34.2	-301.4	-199.3	130.7	-194.1	-41.3
Industrial Packaging	17.6	73.9	111.9	-28.7	-64.6	-6.9	-11.1	9.3	105.0
Wood Products	-8.0	-67.5	150.7	-7.7	-88.0	-118.1	-15.7	-155.5	32.6
Other	-55.7	-35.3	14.0	-327.6	-191.2	210.7	-383.3	-226.5	224.7
Continuing Operations	**320.5**	**388.4**	**861.1**	**-928.1**	**-1 115.0**	**-684.2**	**-607.6**	**-726.6**	**176.9**

Non-Recurring Items and Fair Valuations

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Impairment of fixed assets	-618.5	-500.5	-669.7
Impairment of goodwill	-	-236.0	-74.1
Restructuring costs excluding fixed asset impairments	-65.6	-273.9	-147.8
Impairment of available-for-sale investments	-286.2	-	-
Other	37.8	-35.0	-58.3
Fair valuations	4.4	-69.6	265.7
Total	**-928.1**	**-1 115.0**	**-684.2**

Segment Share of Assets, Liabilities & Operating Capital

	Year Ended 31 December								
	Operative Assets			Operative Liabilities			Operating Capital		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Newsprint and Book Paper	1 229.6	1 350.9	1 430.8	208.7	214.4	239.1	1 020.9	1 136.5	1 191.7
Magazine Paper	1 586.4	1 816.9	2 065.6	361.1	403.8	537.0	1 225.3	1 413.1	1 528.6
Fine Paper	1 183.4	1 607.3	2 025.7	250.1	237.5	333.6	933.3	1 369.8	1 692.1
Consumer Board	1 551.1	1 662.0	2 017.1	405.8	399.4	314.8	1 145.3	1 262.6	1 702.3
Industrial Packaging	687.2	720.7	824.6	119.0	104.6	127.5	568.2	616.1	697.1
Wood Products	741.4	792.5	959.0	180.3	173.9	195.4	561.1	618.6	763.6
Other and eliminations	3 113.0	3 238.9	3 882.8	476.5	598.3	720.0	2 636.5	2 640.6	3 162.8
Continuing Operations	**10 092.1**	**11 189.2**	**13 205.6**	**2 001.5**	**2 131.9**	**2 467.4**	**8 090.6**	**9 057.3**	**10 738.2**
Discontinued: Merchants	-	-	831.4	-	-	330.8	-	-	500.6
Discontinued: North America	-	-	-	-	-	-	-	-	-
Total Operations	**10 092.1**	**11 189.2**	**14 037.0**	**2 001.5**	**2 131.9**	**2 798.2**	**8 090.6**	**9 057.3**	**11 238.8**

Fixed Assets, Capital Expenditure and Depreciation & Impairment by Segment

	Year Ended 31 December								
	Fixed Assets			Depreciation/Impairment			Capital Expenditure		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Newsprint and Book Paper	933.3	996.5	1 024.5	158.6	114.3	215.9	93.0	123.8	61.0
Magazine Paper	1 160.7	1 274.1	1 428.8	255.7	137.9	506.2	90.9	89.6	147.2
Fine Paper	684.4	1 052.8	1 363.8	399.5	541.3	154.5	22.5	98.5	161.1
Consumer Board	1 038.5	1 067.0	1 379.7	144.4	300.5	365.2	76.3	109.6	81.5
Industrial Packaging	463.2	461.9	536.6	71.1	115.2	62.8	66.7	81.9	111.1
Wood Products	404.8	424.4	503.8	35.4	130.9	172.8	19.6	62.9	74.6
Other	295.0	422.1	609.2	88.2	82.3	52.2	25.4	89.8	81.6
Continuing Operations	**4 979.9**	**5 698.8**	**6 846.4**	**1 152.9**	**1 422.4**	**1 529.6**	**394.4**	**656.1**	**718.1**
Discontinued: Merchants	-	-	292.1	-	46.1	21.0	-	2.2	15.5
Discontinued: North America	-	-	-	-	-	330.7	-	-	36.6
Total Operations	**4 979.9**	**5 698.8**	**7 138.5**	**1 152.9**	**1 468.5**	**1 881.3**	**394.4**	**658.3**	**770.2**

Goodwill by Segment

	Year Ended 31 December								
	Goodwill			Goodwill on Acquisitions			Impairment		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Newsprint and Book Paper	23.0	23.0	23.0	-	-	-	-	-	-
Magazine Paper	60.0	60.0	60.0	-	-	-	-	-	20.0
Fine Paper	-	-	230.6	-	-	-	-	228.0	-
Consumer Board	-	-	8.0	-	-	-	-	8.0	-
Industrial Packaging	20.0	20.2	21.4	-	-	-	-	-	-
Wood Products	105.3	104.4	105.0	-	-	-	-	-	54.1
Other	-	-	-	-	-	-	-	-	-
Continuing Operations	**208.3**	**207.6**	**448.0**	**0.0**	**0.0**	**0.0**	**0.0**	**236.0**	**74.1**
Discontinued: Merchants	-	-	54.7	-	-	-	-	39.2	-
Discontinued: North America	-	-	-	-	-	-	-	-	158.9
Total Operations	**208.3**	**207.6**	**502.7**	**0.0**	**0.0**	**0.0**	**0.0**	**275.2**	**233.0**

Average Personnel

Segment	2009	2008	2007
	Year Ended 31 December		
Newsprint and Book Paper	2 547	2 771	2 813
Magazine Paper	3 954	4 331	5 216
Fine Paper	3 435	3 644	3 845
Consumer Board	3 873	4 343	4 519
Industrial Packaging	5 548	5 903	5 907
Wood Products	4 426	4 835	4 876
Other	4 913	7 988	8 961
Continuing Operations	**28 696**	**33 815**	**36 137**
Discontinued: Merchants	-	957	3 103
Discontinued: North America	-	-	4 151
Total Operations	**28 696**	**34 772**	**43 391**
Year-End Personnel	**27 390**	**31 667**	**37 997**

Location	2009	2008	2007
	Year Ended 31 December		
Baltic States	1 021	1 405	1 684
Finland	8 246	11 040	12 187
France	542	611	1 094
Germany	2 846	3 715	5 330
Poland	2 010	2 221	2 072
Russia	1 403	1 835	1 875
Sweden	6 661	7 677	7 705
Other Europe	3 360	3 755	4 870
Europe	**26 089**	**32 259**	**36 817**
Brazil	397	428	770
China (incl. Hong Kong)	1 874	1 660	1 312
North America	201	208	4 332
Other	135	217	160
Total	**28 696**	**34 772**	**43 391**

External Sales by Destination and Origin

	Year Ended 31 December								
	Sales By Destination			Sales By Origin			Balance of Trade		
EUR million	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Austria	255.2	309.4	309.4	284.0	352.7	414.7	28.8	43.3	105.3
Baltic States	119.9	162.1	203.2	175.9	280.3	347.3	56.0	118.2	144.1
Belgium	158.8	176.9	234.4	260.1	331.0	385.5	101.3	154.1	151.1
Czech Republic	125.5	151.5	162.5	171.6	213.7	254.3	46.1	62.2	91.8
Denmark	148.2	189.9	198.8	2.3	1.8	2.1	-145.9	-188.1	-196.7
Finland	589.7	831.8	888.9	3 137.1	3 671.2	4 176.7	2 547.4	2 839.4	3 287.8
France	594.2	699.9	713.5	197.8	216.0	213.2	-396.4	-483.9	-500.3
Germany	1 576.4	1 825.3	1 901.0	983.7	1 571.8	1 671.0	-592.7	-253.5	-230.0
Italy	267.0	362.9	414.5	5.5	14.9	26.9	-261.5	-348.0	-387.6
Netherlands	407.3	487.4	533.9	30.2	31.8	210.5	-377.1	-455.6	-323.4
Poland	273.4	390.0	361.4	185.4	269.7	280.1	-88.0	-120.3	-81.3
Russia	220.5	302.8	312.3	135.0	221.9	243.6	-85.5	-80.9	-68.7
Spain	366.7	427.9	527.9	132.9	131.7	116.1	-233.8	-296.2	-411.8
Sweden	837.2	960.8	1 024.0	2 657.0	2 950.5	2 726.0	1 819.8	1 989.7	1 702.0
UK	604.9	731.9	909.0	32.2	35.4	47.6	-572.7	-696.5	-861.4
Other Europe	635.1	837.6	822.3	69.9	143.0	280.9	-565.2	-694.6	-541.4
Total Europe	**7 180.0**	**8 848.1**	**9 517.0**	**8 460.6**	**10 437.4**	**11 396.5**	**1 280.6**	**1 589.3**	**1 879.5**
Africa	237.1	246.9	267.7	-	-	-	-237.1	-246.9	-267.7
Australia / New Zealand	96.8	169.5	129.7	10.0	5.3	5.3	-86.8	-164.2	-124.4
Brazil	153.2	192.4	181.4	289.0	394.4	306.7	135.8	202.0	125.3
China (incl. Hong Kong)	282.9	287.9	241.4	145.1	152.7	102.1	-137.8	-135.2	-139.3
Japan	212.7	266.1	352.4	0.1	0.1	0.2	-212.6	-266.0	-352.2
Other Asia	283.9	347.6	332.4	6.8	8.0	9.9	-277.1	-339.6	-322.5
Middle East	203.3	304.9	348.6	-	-	-	-203.3	-304.9	-348.6
USA	123.7	106.2	263.7	33.5	30.4	27.6	-90.2	-75.8	-236.1
Other Latin America	109.1	167.8	170.3	-	0.5	-	-109.1	-167.3	-170.3
Others	62.4	91.4	43.9	-	-	0.2	-62.4	-91.4	-43.7
Continuing Operations	**8 945.1**	**11 028.8**	**11 848.5**	**8 945.1**	**11 028.8**	**11 848.5**	**0.0**	**0.0**	**0.0**
Discontinued operations	-	529.4	3 295.0	-	529.4	3 295.0	-	-	-
Total Operations	**8 945.1**	**11 558.2**	**15 143.5**	**8 945.1**	**11 558.2**	**15 143.5**	**0.0**	**0.0**	**0.0**

Total Assets, Capital Employed and Equity by Location

EUR million	Total Assets 2009	Total Assets 2008	Total Assets 2007	Capital Employed 2009	Capital Employed 2008	Capital Employed 2007	Shareholders' Equity 2009	Shareholders' Equity 2008	Shareholders' Equity 2007
	As at 31 December								
Austria	181.4	203.4	205.9	127.0	143.7	145.4	104.0	93.5	113.3
Baltic States	124.3	153.5	226.3	101.1	136.1	201.7	41.4	35.1	68.9
Belgium	536.7	511.6	556.2	441.0	434.6	481.1	375.5	312.6	273.1
Czech Republic	132.1	140.4	164.4	102.4	111.6	137.1	148.6	163.8	177.1
Finland	4 418.7	4 694.8	5 937.7	2 683.2	3 459.6	3 864.9	1 056.4	1 909.9	2 505.5
France	133.3	218.0	308.7	67.9	160.4	203.0	314.2	368.1	44.9
Germany	858.7	1 045.2	1 561.2	283.5	384.2	927.1	417.5	393.1	638.2
Poland	314.7	305.0	352.0	201.6	172.8	216.3	252.3	243.9	272.7
Russia	210.7	234.9	301.5	178.5	204.4	262.4	33.5	3.1	76.3
Spain	97.9	105.4	112.2	56.8	73.8	77.5	77.1	73.6	72.2
Sweden	2 965.2	3 002.3	3 592.1	1 905.5	2 173.1	2 420.3	1 008.5	747.7	1 927.4
Other Europe	110.5	138.7	400.6	262.0	43.2	227.2	189.1	193.2	224.0
Total Europe	**10 084.2**	**10 753.2**	**13 718.8**	**6 410.5**	**7 497.5**	**9 164.0**	**4 018.1**	**4 537.6**	**6 393.6**
Brazil	801.1	642.4	732.7	777.5	606.1	703.9	765.0	606.0	684.8
China (incl. Hong Kong)	370.7	367.5	314.9	292.6	298.3	257.7	50.7	26.9	50.9
USA	65.7	355.7	459.7	61.4	260.5	421.9	48.6	310.9	416.7
Other Latin America	237.8	89.0	54.5	237.5	86.4	50.5	237.7	87.2	53.5
Other	33.7	33.0	30.2	-3.2	25.7	22.2	4.2	25.4	-5.9
Total Operations	**11 593.2**	**12 240.8**	**15 310.8**	**7 776.3**	**8 774.5**	**10 620.2**	**5 124.3**	**5 594.0**	**7 593.6**
Continuing operations	11 593.2	12 240.8	14 482.4	7 776.3	8 774.5	10 139.5	5 124.3	5 594.0	7 395.7
Discontinued operations	-	-	828.4	-	-	480.7	-	-	197.9
Total Operations	**11 593.2**	**12 240.8**	**15 310.8**	**7 776.3**	**8 774.5**	**10 620.2**	**5 124.3**	**5 594.0**	**7 593.6**

Total capital employed represents operating capital less net tax liabilities.

Reconciliation of Operating Capital to Total Assets

EUR million	2009	2008	2007
	As at 31 December		
Operating Capital			
Continuing operations	8 090.6	9 057.3	10 738.2
Discontinued operations: Merchants	-	-	500.6
Total Operating Capital	**8 090.6**	**9 057.3**	**11 238.8**
Gross-up for operating liabilities	2 001.5	2 131.9	2 487.2
Interest-bearing receivables	1 342.9	952.1	1 486.8
Tax receivables	158.2	99.5	98.0
Total Assets	**11 593.2**	**12 240.8**	**15 310.8**

Operating capital ("O" items) is designated thus on the Statement of Financial Position and represents the sum of fixed and biological assets, emission rights, unlisted shares, other non-current assets, inventories, short-term operative receivables and liabilities, provisions and other long-term operative liabilities.

Fixed Assets, Capital Expenditure and Depreciation & Impairment by Location

	Year Ended 31 December								
	Fixed Assets			Capital Expenditure			Depreciation/Impairment		
EUR million	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Austria	114.5	125.1	127.3	1.1	8.0	18.8	11.5	9.8	8.8
Baltic States	64.1	74.6	92.8	1.3	8.6	7.3	8.9	24.8	93.2
Belgium	470.4	447.2	446.6	56.9	48.9	13.5	33.6	33.5	35.3
Czech Republic	108.5	110.7	117.2	0.4	2.1	2.5	4.2	7.5	6.0
Finland	1 289.4	1 809.7	2 367.0	107.7	227.0	266.1	641.2	696.1	712.4
France	39.6	102.3	118.4	3.1	6.2	4.1	65.5	14.2	68.7
Germany	597.4	645.8	946.2	91.4	59.3	28.5	138.9	279.4	180.7
Poland	185.3	148.5	178.4	51.4	17.0	23.1	18.2	27.6	20.7
Russia	143.8	158.1	204.1	5.1	48.2	90.8	11.4	70.1	14.8
Spain	53.3	56.7	58.0	4.2	5.7	4.0	7.5	6.7	8.0
Sweden	1 597.2	1 608.8	1 971.8	65.1	147.6	137.4	163.3	234.9	261.9
Other Europe	26.5	33.8	134.9	1.2	21.0	8.8	5.4	13.0	-6.1
Total Europe	**4 690.0**	**5 321.3**	**6 762.7**	**388.9**	**599.6**	**604.9**	**1 109.6**	**1 417.6**	**1 404.4**
Brazil	112.0	90.9	116.2	3.0	5.3	5.9	7.8	7.5	103.0
Canada	-	-	-	-	-	9.1	-	-	26.9
China (incl. Hong Kong)	156.9	178.1	181.0	-2.1	6.8	84.8	13.4	31.7	41.1
USA	16.0	30.8	29.7	0.8	10.4	43.3	6.5	10.9	305.0
Other Latin America	-	72.1	42.9	3.6	35.8	21.8	15.1	0.2	0.1
Other	5.0	5.6	6.0	0.2	0.4	0.4	0.5	0.5	0.8
Total Operations	**4 979.9**	**5 698.8**	**7 138.5**	**394.4**	**658.3**	**770.2**	**1 152.9**	**1 468.4**	**1 881.3**
Continuing operations	4 979.9	5 698.8	6 846.4	394.4	656.1	718.0	1 152.9	1 422.4	1 529.6
Discontinued operations	-	-	292.1	-	2.2	52.2	-	46.1	351.7
Total Operations	**4 979.9**	**5 698.8**	**7 138.5**	**394.4**	**658.3**	**770.2**	**1 152.9**	**1 468.5**	**1 881.3**

Note 4 Acquisitions and Disposals

Acquisition of Group Companies

EUR million	Year Ended 31 December 2009	2008	2007
Acquired Net Assets			
Cash and cash equivalents	4.4	-	0.3
Other operating working capital	20.4	0.1	-9.5
Fixed assets	17.6	4.0	10.7
Biological assets	-	-	-
Tax assets and liabilities	16.0	-0.4	-0.2
Net interest-bearing liabilities	-44.1	-1.0	-1.2
Non-controlling interests	-2.0	1.8	71.3
Fair Value of Net Assets in Acquired Companies	**12.3**	**4.5**	**71.4**

In 2009, the Group spent EUR 8.4 million on external share acquisitions. In May, the Group finalised the acquisition of Myllykoski Paper's remaining 49% shareholding in Sunila Oy in Finland. The purchase price was EUR 6.0 million before adjustments for working capital and the final cash amount was EUR 3.7 million. Sunila Oy has about 260 employees, its annual production capacity is 375 000 tonnes of long-fibre pulp. Production restarted in December after a seven month closure and the Group will reassess the option of permanently closing down the mill in the first half of 2010. Sunila Oy is part of the Magazine Paper segment.

In May 2009, the Group increased its shareholding in Design Force AB to 70.9% for a cash consideration of EUR 2.3 million. Design Force AB produce paper based products for the display and retail industry and is part of the Industrial Packaging segment.

In 2008 the Group spent EUR 4.5 million on external share acquisitions. In 2007 EUR 71.4 million on share acquisitions of which EUR 64.3 million related to buying out the Polish State's interest in Stora Enso Poland S.A. In December 2004 Stora Enso had originally acquired 67% of the company for EUR 133.3 million thus with the current purchase the Group's investment now comes to EUR 197.6 million.

Disposal of Group Companies

EUR million	2009	2008	2007
	Year Ended 31 December		
Net Assets Sold			
Cash and cash equivalents	0.1	31.3	110.8
Other operating working capital	2.1	173.8	-126.0
Fixed assets	74.3	281.8	1 695.8
Biological assets	18.3	-	84.1
Interest-bearing assets less cash and cash equivalents	-	-	0.6
Tax liabilities	-	-26.7	-49.6
Interest-bearing liabilities	-	-230.1	-1 019.2
Equity accounted investment acquired in share exchange with Non-controlling interest	-	-6.9	-
Non-controlling interests	-	-3.3	-0.6
Net Assets in Divested Companies	**94.8**	**219.9**	**695.9**
Income Statement capital gain	-	1.5	5.0
Total Disposal Consideration Received in Cash & Kind	**94.8**	**221.4**	**700.9**

In October 2009, Stora Enso and Celulosa Arauco y Constitucion S.A. (Arauco) established a joint venture company to combine their assets in Uruguay to facilitate the joint acquisition of Grupo ENCE assets in Uruguay. The Group contributed 100% of Stora Enso Uruguay S.A. shares to Forestal Cono Sur S.A. (FCS), Arauco's 100% subsidiary in Uruguay in return for 50% of the shares in FCS. The cost of the shares contributed amounted to EUR 109.7 million and the fair value of the shares received amounted to EUR 94.8 million resulting in a loss of EUR 14.9 million recorded as land impairment. This loss was partially offset by a cumulative translation adjustment release of EUR 7.9 million recorded through other expenses. The net loss of EUR 7.0 million was further offset by the gain on acquisition of the ENCE assets of EUR 26.0 million which is discussed in more detail in Note 15 Equity Accounted Investments. The net impact of establishing the joint venture with Arauco and subsequent acquisition of ENCE net assets was a gain of EUR 19.0 million, recognised through the income statement.

In 2008 Stora Enso divested its Papyrus Merchant business area for a net consideration of EUR 191.0 million in a disposal that valued the enterprise at EUR 412.1 million as detailed in Note 5 Discontinued Operations. Others disposals netted EUR 30.4 million the only material item being the sale of the company that owned the Group's Helsinki head office in a deal worth EUR 25.9 million.

In 2007 Stora Enso divested nearly all the Group's North American business area whilst in South America the Group disposed part of the Brazilian business it acquired in 2006 though at that time the intention was to involve a local partner and this has now been achieved. The sale of the North American interests realised EUR 556.7 million as detailed in Note 5 Discontinued Operations whilst the South American transaction netted EUR 143.3 million.

In September 2007 Stora Enso sold some of the businesses of Stora Enso Arapoti such that the purchaser Arauco Florestal Arapoti had a 20% interest in the Group's Brazilian paper business whilst conversely Stora Enso has a 20% interest in the forest holdings; the transaction itself had a neutral effect on operating profit.

Note 5 Discontinued Operations

Stora Enso did not have discontinued operations in 2009.

On 30 April 2008, the Group finalised the divestment of its merchant business resulting in a net loss on the disposal of EUR 3.6 million, made up of an impairment of EUR 39.2 million to match the net assets disposed with the consideration, net currency gains on cumulative translation differences of EUR 35.5 million and positive tax of EUR 0.1 million. Papyrus's external turnover in 2007 the last full year within the Group amounted to EUR 2 006.0 million though sales of Group products only amounted to EUR 567.7 million.

On 21 December 2007 Stora Enso finalised the divestment of Stora Enso North America Inc (SENA) its North American subsidiary to NewPage. SENA represented nearly all the Group's North American business area and had an annual production capacity of 2 745 000 tonnes of paper generating external revenues in 2007 of USD 2.4 (EUR 1.8) billion and employed about 4 350 persons.

The following tables sets out the Income Statement for the Group for the past three years showing the financial results and the cash flows from both the ongoing and the discontinued operations of the Group.

Income Statement Effects of the Discontinued Operations

	Year Ended 31 December								
	Continuing Operations			Discontinued Operations			Total Operations		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Sales	**8 945.1**	**11 028.8**	**11 848.5**	**-**	**529.4**	**3 295.0**	**8 945.1**	**11 558.2**	**15 143.5**
Other operating income	172.8	120.2	88.4	-	36.1	156.6	172.8	156.3	245.0
Changes in finished goods inventories	-200.5	-78.1	81.0	-	-2.4	-43.3	-200.5	-80.5	37.7
Change in net value of biological assets	-3.3	-18.2	7.5	-	-	-	-3.3	-18.2	7.5
Materials and services	-5 464.3	-6 815.7	-7 051.5	-	-400.5	-2 279.4	-5 464.3	-7 216.2	-9 330.9
Delivery costs & sales commissions	-833.6	-1 127.1	-1 133.9	-	-18.3	-182.3	-833.6	-1 145.4	-1 316.2
Personnel expenses	-1 349.6	-1 669.1	-1 712.9	-	-57.9	-402.1	-1 349.6	-1 727.0	-2 115.0
Other operating expenses	-833.1	-752.6	-761.9	-	-28.4	-121.2	-833.1	-781.0	-883.1
Equity accounted investments result	111.8	7.6	341.3	-	-	1.4	111.8	7.6	342.7
Depreciation & impairment	-1 152.9	-1 422.4	-1 529.6	-	-46.1	-351.7	-1 152.9	-1 468.5	-1 881.3
Operating (Loss) / Profit	**-607.6**	**-726.6**	**176.9**	**0.0**	**11.9**	**73.0**	**-607.6**	**-714.7**	**249.9**
Net financial items	-279.2	-167.2	-156.7	-	-5.5	-109.5	-279.2	-172.7	-266.2
(Loss) / Profit before Tax	**-886.8**	**-893.8**	**20.2**	**0.0**	**6.4**	**-36.5**	**-886.8**	**-887.4**	**-16.3**
Income tax	8.6	214.8	-7.4	-	-2.1	-188.7	8.6	212.7	-196.1
Net (Loss) / Profit for the Year	**-878.2**	**-679.0**	**12.8**	**0.0**	**4.3**	**-225.2**	**-878.2**	**-674.7**	**-212.4**

Cash Flow Effects of the Discontinued Operations

	Year Ended 31 December								
	Continuing Operations			Discontinued Operations			Total Operations		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Cash Flow from Operating Activities									
Net profit / (loss) for the period	-878.2	-679.0	12.8	-	4.3	-225.2	-878.2	-674.7	-212.4
Result from the OCI	233.4	-280.9	3.6	-	-	-	233.4	-280.9	3.6
Taxes	-8.6	-214.8	7.4	-	2.1	188.7	-8.6	-212.7	196.1
Depreciation & impairment	1 152.9	1 422.4	1 529.6	-	46.1	351.7	1 152.9	1 468.5	1 881.3
Net financial income	279.2	167.2	156.7	-	5.5	109.5	279.2	172.7	266.2
Other adjustments	101.6	7.4	-341.2	-	-35.5	-160.2	101.6	-28.1	-501.4
Interest paid	-113.5	-179.5	-159.2	-	-11.7	-102.7	-113.5	-191.2	-261.9
Interest & dividends received	17.4	37.4	41.8	-	3.2	11.4	17.4	40.6	53.2
Other financial items net	-116.7	211.5	-53.2	-	-0.2	-29.2	-116.7	211.3	-82.4
Income taxes paid	-3.0	25.1	-96.6	-	0.4	-15.0	-3.0	25.5	-111.6
Change in net working capital	638.0	52.1	-242.8	-	29.4	-88.1	638.0	81.5	-330.9
Net Cash Provided by Operating Activities	**1 302.5**	**568.9**	**858.9**	**0.0**	**43.6**	**40.9**	**1 302.5**	**612.5**	**899.8**
Cash Flow from Investing Activities	**-486.8**	**-543.9**	**-583.5**	**-**	**-7.0**	**33.5**	**-486.8**	**-550.9**	**-550.0**
Cash Flow from Financing Activities	**-300.5**	**-602.5**	**383.7**	**-**	**-83.2**	**-98.8**	**-300.5**	**-685.7**	**284.9**
Net Increase (Decrease) in Cash	**515.2**	**-577.5**	**659.1**	**0.0**	**-46.6**	**-24.4**	**515.2**	**-624.1**	**634.7**

Note 6 Other Operating Income and Expense

The Group has recorded Other Operating Income of EUR 49.5 million relating to emission rights which reflects the fair value of the emission allowances on the date when the Group obtained control over these rights and also includes the result from the sale of surplus allowances. Under Materials and Services an amount of EUR 27.7 million has been recorded which reflects the cost of CO_2 emissions from production. The net income amounts to EUR 21.8 million of which EUR 20.5 million is actual realised profits on the disposal of surplus rights and EUR 1.3 million is the value of excess emission rights held at the year end.

The Group also generates income from its environmentally friendly power-generation in Sweden and Belgium where it uses renewable resources and is thus entitled to Green Certificates for onward sale to generators that consume non-renewable resources. This income amounted to EUR 46.5 (EUR 47.4) million.

In March 2009, the Group finalised the divestment of the buildings and most of the Summa Mill site in Finland to the Google Group of Companies for EUR 40 million, of which EUR 15 million was recorded as a reversal of a previous impairment and EUR 25 million recorded as capital gain on sale of fixed assets.

Total sales of excess freight capacity in 2009 amounted to EUR 28.2 million, the prior year income was recorded as part of "Sales".

As discussed in Note 5 Discontinued Operations on 30 April 2008 Stora Enso completed the divestment of its merchant business Papyrus to Altor Fund II a private equity venture which resulted in cumulative translation gains of EUR 35.5 million previously recorded in equity being recognised through the income statement.

Other Operating Income in Discontinued Operations in 2007 amounted to EUR 156.6 million of which EUR 130.6 million relates to CTA recycled through the Income Statement upon the divestment of SENA. In addition, capital gains of EUR 24.4 million arose on the sale of fixed assets when the Papyrus merchant business sold warehouses in Sweden and Denmark.

Other Operating Income & Expense

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Other Operating Income			
Emission rights granted and disposal gains	49.5	49.5	7.9
Sale of Green certificates	46.5	47.4	38.6
Capital gains on sale of fixed assets	32.7	7.6	5.9
Capital gains on sale of Group companies	-	1.5	5.0
CTA on disposals net of hedging	-	-	17.4
Gain on sale of unlisted shares	0.3	1.0	1.7
Insurance compensation	0.5	0.6	1.0
Freight sales and rent	38.6	7.1	7.8
Subsidies	4.7	5.5	3.1
Total: Continuing Operations	**172.8**	**120.2**	**88.4**
Total: Discontinued operations	-	36.1	156.6
Total Operations	**172.8**	**156.3**	**245.0**
Other Operating Expenses include			
Impairment of available-for-sale investments	284.6	-	-
Rents paid	84.9	82.4	86.3
Research and Development	73.7	79.2	80.9
Credit losses	20.5	8.6	8.9
Loss on sale of long-term investments	1.6	0.1	1.0
CTA on disposals net of hedging	5.3	3.2	9.3
Materials and Services include			
Emissions rights to be delivered	27.7	27.6	6.6

As discussed in Note 16 Available-for-Sale Investments, Stora Enso recorded a writedown of EUR 417.8 (USD 575) million related to its 20.1% NewPage shareholding and PIK vendor note in the second quarter of 2009. The writedown of the shares was recognised in other expenses and had a negative impact of EUR 269.3 million on operating profit. The writedown of the PIK Note had a negative impact of EUR 148.5 million on financial items.

In December 2009, the Finnish Market Court found that Stora Enso, UPM-Kymmene and Metsäliitto Cooperative had infringed the Act on Competition Restrictions by exchanging roundwood price information in Finland from 1997 to 2004. As a result, Stora Enso has been fined EUR 30 million which has been recorded in Other Operating Expenses.

Aggregate fees for professional services of an accounting nature rendered to the Group amounted to EUR 4.1 (EUR 4.9) million payable to the principal independent auditor Deloitte & Touche Oy who replaced PricewaterhouseCoopers as Auditors, following the Annual General Meeting on 26 March 2008. Audit fees relate to the audit of the annual financial statements or ancillary services normally provided in connection with statutory and regulatory filings. Audit-related fees are incurred for assurance and associated services that are reasonably related to the performance of the audit or review of financial statements. Tax fees are incurred on account of tax compliance advice and planning.

Principal Independent Auditor's Fees & Services

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Audit fees	3.6	3.7	6.3
Audit-related fees	0.1	0.1	0.3
Tax fees	0.1	0.2	0.4
Other fees	0.3	0.9	0.6
Total	**4.1**	**4.9**	**7.6**

Note 7 Staff Costs

Personnel Expenses

EUR million	2009	2008	2007
	Year Ended 31 December		
Wages and salaries	961.5	1 205.2	1 272.3
Board Remuneration (Note 8)	0.4	0.9	0.7
Group Executive Team (GET) Remuneration (Note 8)	5.6	8.0	10.6
Pensions (see below)	195.6	204.0	209.3
Share-based remuneration (Note 23)	0.5	-13.4	-1.4
Total return swaps	20.2	83.9	11.8
Other statutory employer costs	153.5	162.6	192.4
Other voluntary costs	12.3	17.9	17.2
Total: Continuing Operations	**1 349.6**	**1 669.1**	**1 712.9**
Total: Discontinued operations	-	57.9	402.1
Total Operations	**1 349.6**	**1 727.0**	**2 115.0**

Pensions

EUR million	2009	2008	2007
	Year Ended 31 December		
Defined benefit plans	24.8	26.8	23.6
Defined contribution plans	169.9	174.7	185.6
Other post-employment benefits	0.9	2.5	0.1
Pension Costs: Continuing Operations	**195.6**	**204.0**	**209.3**
Pension costs: Discontinued operations	-	5.5	-14.6
Pension Costs: Total Operations	**195.6**	**209.5**	**194.7**

Total personnel expenses for continuing operations decreased significantly from EUR 1 669.1 million in 2008 to EUR 1 349.6 million in 2009 as a result of major restructuring activities within the Group. The average number of employees in 2009 amounted to 28 696 compared to 33 815 in 2008. Pension costs are discussed in Note 22 Post-Employment Benefits.

Share-based remuneration comprises of share options and share awards which are described in more detail in Note 23 Employee Bonus and Equity Incentive Schemes.

The Group hedges its option programme by using Total Return Swaps (TRS) shown under personnel costs alongside the option result to which they relate so that both the risk and the result from hedging of that risk appear in the same section of the Income Statement. The options and the derivatives hedging them do not qualify for hedge accounting as the options are being priced by reference to valuation models whereas the TRS are priced by reference to the current market price of the shares. The cost of share-based remuneration, net of TRS in 2009 amounted to EUR 20.7 million compared to an expense of EUR 70.5 million 2008 and an expense of EUR 10.4 million in 2007.

In 2009, the cost of the share-based remuneration itself was only EUR 0.5 million. However, due to the drop in the Stora Enso R-share price from EUR 5.52 at 31 December 2008 to EUR 4.88 at 31 December 2009 an expense of EUR 20.2 million was recorded in respect of TRS.

Note 8 Board and Executive Remuneration

Board Remuneration and Share Interests and Committee Membership at 31 December 2009

EUR thousand	Year Ended 31 December 2009 Cash	Shares	Total	2008 Total	Shares Held A	R	Committee Memberships
Board Members at 31 December 2009							
Claes Dahlbäck, Chairman	52.5	27.0	79.5	192.8	2 541	32 604	Remuneration[5], Nomination[2,4], Financial & Audit
Ilkka Niemi, Vice Chairman	35.5	17.0	52.5	126.2	-	8 233	Remuneration[5], Nomination[2,4], Financial & Audit
Gunnar Brock	18.0	12.0	30.0	75.0	-	9 812	
Dominique Hériard Dubreuil	21.0	12.0	33.0	81.0	-	6 812	Remuneration[5]
Birgitta Kantola	28.0	12.0	40.0	89.0	-	9 312	Financial & Audit
Juha Rantanen	18.0	12.0	30.0	60.0	-	7 312	
Hans Stråberg	18.0	12.0	30.0	-	-	2 885	
Matti Vuoria	21.0	12.0	33.0	81.0	-	14 812	Remuneration[5]
Marcus Wallenberg	18.0	12.0	30.0	75.0	2 541	10 527	Nomination[3]
Former Board Members							
Lee A. Chaden (retired 26 March 2008)	-	-	-	18.5	-	-	
Jan Sjöqvist (retired 1 April 2009)	-	-	-	95.0	-	-	
Total Remuneration as Directors[1,2]	**230.0**	**128.0**	**358.0**	**893.5**	**5 082**	**102 309**	

1) **40% of the Board remuneration in 2009 was paid in Stora Enso R shares purchased from the market and distributed as to Chairman: 6 490 R shares Vice Chairman: 4 087 R shares and members: 2 885 R shares.**
2) A member of the Board of Directors may not be appointed as Chairman of the Nomination Committee that office being held by Keijo Suila Solidium Oy (and in relation to AGM 2009, Pekka Timonen, the Finnish State).
3) Marcus Wallenberg is the member of the Nomination Committee elected by the Foundation Asset Management.
4) Stora Enso's Nomination Committee is appointed by the shareholders at the AGM; Claes Dahlbäck and Ilkka Niemi have been appointed thereto in their roles as Chairman and Vice Chairman of the Board of Directors.
5) Following the implementation of the new Finnish Corporate Governance Code the name of the Compensation Committee was changed to Remuneration Committee effective from 1 January 2009.

Group Executive Team (GET) remuneration and share interests

Shown in Note 23 Employee Bonus and Equity Incentive Schemes are details of total executive remuneration share and share option interests and bonus schemes for the GET with further information provided in respect of the Chief Executive Officer (CEO). The actual cash or cash equivalent received in the year is disclosed in the remuneration tables on the next page for options and share awards that vested in the year. Additional information relating to the cost of options and share awards as calculated in accordance with International Financial Reporting Standards is also disclosed in the text.

The aggregate cost of GET remuneration in 2009 amounted to EUR 5.6 (EUR 8.0) million. The number of GET members has decreased from 11 to 8 during 2009.

In accordance with their respective pension arrangements GET members may retire at sixty or sixty-five with pensions consistent with local practices in their respective home countries. Contracts of employment provide for notice of six months prior to termination with severance compensation of twelve months basic salary if the termination is at the company's request. Executives appointed before 2007 receive a further optional twelve months salary depending on employment.

Due to the extraordinary global financial situation GET including the CEO decided to work without pay for one month during 2009, in addition the salary for the CEO remained unchanged. The ordinary annual salary review was postponed from March 1 to December 1 and the annual incentive result for performance year 2009 was decided to be paid in shares and deferred one year from March 2010 to March 2011. GET members with significant change in responsibility during 2009 received their revised salary from May 1, 2009.

Group Executive Team Remuneration

EUR thousand	2009 CEO	2009 Others[1]	2009 GET Total	2008 CEO	2008 Others	2008 GET Total
Remuneration						
Annual salary	825	2 555	3 503	880[2]	3 352	4 232
Local housing (actual costs)	123[3]	47	47	94	53	147
Other benefits	16	113	129	15	135	150
Short Term Incentive Programme	-[3]	396	396	-[4]	664	664
Long Term Incentive Programme [4]	115	103	218	140	314	454
	1 079	**3 214**	**4 293**	**1 129**	**4 518**	**5 647**
Pension Costs						
Mandatory company plans	-	70	70	-	4	4
Stora Enso voluntary plans	265	923	1 188	283	2 017	2 300
	265	**993**	**1 258**	**283**	**2 021**	**2 304**
Total Compensation	**1 344**	**4 207**	**5 551**	**1 412**	**6 539**	**7 951**

Year Ended 31 December

1) In the amounts below payments related to Aulis Ansaharju, Hannu Ryöppönen and Veli-Jussi Potka are included until the individual left GET.
2) The CEO gave up his right to company paid housing in London during 2008 and received in exchange a cash allowance equivalent to the housing cost: his cash salary was EUR 834 198 before payment of the cash housing allowance.
3) CEO received a salary supplement instead of housing support equivalent to EUR 123 471.
4) The Short Term Incentive result for performance year in 2007 and 2008 (payable 2008 and 2009) were converted to Restricted Share Awards.
5) Synthetic options, performance shares and restricted shares.

Executives other than CEO

Short Term Incentive (STI) programmes for management

GET members have STI programmes with up to a maximum 40% of their annual fixed salary, payable the year after the performance period. The STI for 2009 was based to 100% on financial measures (Free Cash Flow). The payout in 2009 relating to performance year 2008 was EUR 396 000 (EUR 664 000).

Option-based programmes for management

The GET was not eligible for options in 2008 and the company did not issue any options in 2009. During the year 150 000 options relating to the 2002 Programme lapsed and no others were exercised. In 2008 no options were exercised.

Long Term Incentive (LTI) programmes for management

GET members participate in a number of share based LTI programmes. In 2007/2008 a Senior Executive section of the Performance Share program was introduced. The shares granted under this program will vest over a three year period. The performance criteria for 2009 was Economic Margin and Total Shareholder Return (TSR). The vesting under this program was zero. Under the accounting rules for share-based payments, the non-cash charge for the executive options and restricted share awards is calculated at the vesting value of shares and options granted in the year plus any fair value movement in the year on previous awards. The accounting charges will not agree to the actual cash costs on a year-to-year basis though the totals will match when they have all been vested, cashed, expired or lapsed. The figures in the table above refer to individuals who were executives at either the time of grant or settlement.

GET received Performance Share Awards under the Performance Share 2009 plan of 245 000 shares assuming annually defined performance conditions are met. For 2009 the performance condition was 100% Group Free Cash Flow.

GET members other than the CEO were not eligible for new Restricted Share Awards in 2009. During the year the number of shares settled on executives from previous awards derived from Restricted Share Programs and Performance Share Programs amounted to 79 955 having a cash value at the 1 March 2009 settlement date of EUR 263 052 based on the share price of EUR 3.29 at that date.

For GET members the aggregated number of outstanding shares derived from previous years restricted share programmes to be settled in 2010 is 4 095. The corresponding number to be settled in 2011 is 1 350.

Chief Executive Officer – Jouko Karvinen

The CEO was employed from 1 January 2007 and took office following the 2007 Annual General Meeting on 29 March 2007, his contract was approved by the Board on his appointment. It has a notice period of 6 months with a severance payment of 12 months salary on termination by the company but with no contractual payments on any change of control. Benefits include a company car and pension provision under a company defined contribution plan that has acceptance from the UK Inland Revenue. The scheme is defined contribution - pension is defined by the contribution paid and the investment result. The company and CEO contributes to the scheme with a fixed contribution of 40 percentage of the CEO's base salary, of which the company contributes 35% of base salary and CEO contributes 5% of base salary. An additional pension contribution was made in 2007 as compensation for pension benefits lost by the CEO on leaving his former employment. The CEO retires at sixty.

Short Term Incentive (STI) programme for CEO

The CEO is entitled to a STI programme decided on by the Board each year giving a maximum 50% of annual fixed salary. The STI programme for 2009, the outcome of which will be assessed in the first quarter of 2010, was related to Group Free Cash Flow.

For the STI payable in 2009 and 2008 the CEO's STI result was converted to Restricted Share Awards of 31 386 (21 194) shares. Based on the average share price from 1 April to 7 April 2009 the value at the grant date, 30 April 2009, was EUR 93 872 (EUR 163 614). The vesting will be over a three year period from 2010 to 2012.

Option programmes for CEO

No options were awarded in 2008 or 2009. In 2007 the CEO was granted 157 646 options on joining Stora Enso with the estimated value at the grant date of 2 January 2007 as calculated by the option pricing model being EUR 365 000. During 2009 the CEO did not exercise any of these options.

Long Term Incentive (LTI) programme for CEO

The CEO received an Award under the Performance share plan 2009 of 80 000 shares with the valuation at the grant date of 27 May 2009 being EUR 400 000 based on the share price at the grant date of EUR 5.00 and assuming targets are met.

During the year the number of shares settled on the CEO from earlier awards derived from Restricted Share Programs and Performance Share Programs amounted to 35 105 (16 796) having a cash value of EUR 115 495 (EUR 140 415) at the 1 March 2009 settlement date. Based on the share price of EUR 5.00 (EUR 8.36) at that date.

The CEO did not receive any new Restricted Share Award other than the conversion of his STI payable for 2009 (described above). The aggregated number of outstanding shares derived from previous years restricted share programmes to be settled in 2010 is 18 913. The corresponding number to be settled in 2011 is 15 774.

The CEO is also eligible from 2007 to participate in the Senior Executive section of the Performance Share Plan as detailed above. Vesting period for CEO is four years (March 2008, March 2009, March 2010 and March 2011). The performance criteria for 2009 was EDITDA, Economic Margin and Total Shareholder Return (TSR).

Group Executive Team Share Interests and Options

Executives in Office at the Year End	R Shares Held[1]	Synthetic Options 2003–2007	Performance Share Awards	Restricted Share Awards
Hannu Alalauri	6 738	30 000	54 875	750
Jouko Karvinen, CEO	43 833	157 646	217 812	44 102[2]
Hannu Kasurinen	5 944	48 750	38 750	2 250
Mats Nordlander	5 272	30 000	76 250	0
Markus Rauramo, CFO	6 706	35 000	37 895	1 695
Bernd Rettig	9 014	102 500	80 562	0
Elisabet Salander Björklund	20 208	72 500	80 375	10 000[3]
Juha Vanhainen	5 365	51 250	49 812	750
Total, Serving Officers	**103 080**	**527 646**	**636 331**	**59 547**

1) None of the GET members hold A shares
2) In exchange of STI 2007 and 2008
3) As a retention award granted 2007 to be vested in May 2010 – also included in the column for "R Shares Held"

The following Executive Officers also Served in 2009	Shares Held when GET membership ended	Synthetic Options 2003–2007	Performance Share Awards	Restricted Share Awards	Effective Date of GET membership ending
Aulis Ansaharju	4 932	41 250	28 125	750	23 April 2009
Veli-Jussi Potka	5 139	63 750	33 562	750	23 April 2009
Hannu Ryöppönen, Deputy CEO	32 574	50 000	101 250	0	1 April 2009

Note 9 Net Financial Items

Financial Income & Expense

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Net Financial Expense in the Income Statement			
Financial Income	209.3	356.7	161.9
Financial expense	-488.5	-523.9	-318.6
Total: Continuing Operations	**-279.2**	**-167.2**	**-156.7**
Represented by			
Interest expense			
Bank borrowings	-125.3	-198.2	-215.7
Finance leases	-0.9	-3.2	-4.1
Interest capitalised	8.4	1.7	0.8
Interest income	17.1	34.5	69.0
Income from interest-bearing securities	13.6	20.0	0.4
Exchange gains and losses			
Currency derivatives	-137.8	254.9	-72.7
Borrowings and deposits	108.7	-270.2	69.5
Other financial income			
Fair value hedges	9.7	-	-
Other fair value changes	14.8	35.6	14.3
Others (incl. Listed Securities)	37.0	10.0	7.9
Other financial expense			
Fair value hedges	-	-7.9	-2.8
Other fair value changes	-6.5	-34.5	-5.7
Others (incl. Listed Securities)	-218.0	-9.9	-17.6
Total: Continuing Operations	**-279.2**	**-167.2**	**-156.7**
Total: Discontinued Operations	-	-5.5	-109.5
Total Operations: Income Statement	**-279.2**	**-172.7**	**-266.2**

Gains and losses on derivative financial instruments are shown in Note 29.

Stora Enso currently holds two PIK Notes in its Available-for-Sale portfolio, one from NewPage in the USA with a nominal value of USD 233.8 million and the other from Papyrus Holding AB in Sweden with a nominal value of EUR 66.2 million. Both these unlisted financial securities accrue interest which is shown on a previous page in Income from interest-bearing securities of EUR 13.6 (EUR 20.0) million, EUR 8.2 million relating to NewPage and EUR 5.4 million to Papyrus. The interest is not actually paid but is accrued into the principal of the PIK Notes which will be repaid within a set number of years or when these businesses have a change in control.

As discussed in Note 16 Available-for-Sale Investments, Stora Enso recorded a writedown of EUR 417.8 (USD 575.0) million related to its 20.1% NewPage shareholding and PIK Note in the second quarter of 2009. The writedown of the shares had a negative impact of EUR 269.3 million on operating profit and the writedown of the PIK Note a negative impact of EUR 148.5 million on other financial expenses. No interest has been recognised in respect of the NewPage PIK Note after 30 June.

Exchange gains and losses shown in the previous table for currency derivatives relate to instruments that are fair valued through the Income Statement as they do not meet hedge accounting criteria. Fees for items such as unused committed credit facilities guarantees and rating agencies are included in other financial expenses and were EUR 7.6 (EUR 5.7) million. Costs on long-term debt issues are capitalised as part of Non-current debt which at 31 December 2009 amounted to EUR 8.3 (EUR 7.6) million and are amortised by using the effective interest rate method through the Income Statement. EUR 1.6 (EUR 1.4) million were amortised during 2009 and 2008 respectively.

Total Foreign Exchange Gains & Losses in the Income Statement

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Sales	-5.6	33.9	-26.5
Costs and expenses	4.7	-14.9	2.7
Net financial items	-29.1	-15.3	-3.2
Total: Continuing Operations	**-30.0**	**3.7**	**-27.0**
Total: Discontinued operations	-	-0.4	4.8
Total Operations	**-30.0**	**3.3**	**-22.2**

Note 10 Income Taxes

Profit before Tax & Income Tax Expense: Continuing Operations

EUR million	Year Ended 31 December 2009	2008	2007
Finnish Companies			
Loss before tax and Non-controlling interests	**-1 223.3**	**-900.0**	**-414.4**
Current tax (expense)	-3.2	-3.1	-8.1
Equity accounted investment company tax	-3.6	5.7	-22.6
Total current tax (expense)/benefit	-6.8	2.6	-30.7
Deferred tax	67.0	169.3	147.9
Total tax: Finland	**60.2**	**171.9**	**117.2**
Non-Finnish Companies			
Profit before tax and Non-controlling interests	**336.5**	**6.2**	**434.6**
Current tax (expense)/benefit	-23.2	40.3	-88.4
Equity accounted investment company tax	-16.4	6.6	-74.2
Total current tax (expense)/benefit	-39.6	46.9	-162.6
Deferred tax	-12.0	-4.0	38.0
Total tax: Other Countries	**-51.6**	**42.9**	**-124.6**
Total Result: Continuing Operations	**-886.8**	**-893.8**	**20.2**
Total Tax: Continuing Operations	**8.6**	**214.8**	**-7.4**

Income Tax Rate Reconciliation: Continuing Operations

EUR million	Year Ended 31 December 2009	2008	2007
Tax at statutory rates applicable to profits in the country concerned[1)]	250.9	234.0	-4.7
Non-deductible expenses and tax exempt income[2)]	-92.8	27.2	37.8
Valuation allowances on deferred tax assets	-170.1	-83.6	-27.7
Provision for and settlement of tax cases	21.6	61.9	19.5
Change in tax rates and change in tax laws	-0.2	42.0	-23.8
Impairment of goodwill	-0.8	-66.7	-8.5
Income Taxes in the Income Statement	**8.6**	**214.8**	**-7.4**
Effective Tax Rate on Continuing Operations	**1.0%**	**24.0%**	**36.6%**
Statutory Tax Rate on Continuing Operations	**28.3%**	**26.2%**	**23.3%**

1) Includes impacts from tax holidays and other tax benefits of EUR 21.1 million in 2009.
2) The tax value of non-deductible expenses of EUR 109.4 million have been netted against tax exempt income of EUR 16.6 million in 2009.
The tax value of non-deductible expenses of EUR 22.8 million have been netted against tax exempt income of EUR 50.0 million in 2008.

The difference of 27.3% between the statutory tax rate and the effective tax rate mainly resulted from impairments of deferred tax assets in Finland and various other countries, and due to the non-deductibility of the NewPage shares and PIK Note writedowns.

Despite substantial losses with no deferred tax benefits recognised and significant impairments of goodwill with no tax deducibility, the effective tax rate in 2008 was limited to a negative deviation of 2.2% compared to the tax rate based on statutory rates in the relevant countries. This was mainly due to positive effects from settlement of tax cases and reduction of tax rates in Sweden.

With a result before tax close to zero, the effective tax rate in 2007 was sensitive to small deviations. The net tax value of negative and positive effects on the effective tax rate amounted to EUR -2.7 million, giving a tax rate 13.3% higher than the tax rate based on statutory rates.

Profit before Tax & Income Tax Expense: Discontinued Operations

EUR million	Year Ended 31 December 2009	2008	2007
Profit / (Loss) before tax	**-**	**6.4**	**-36.5**
Current tax expense	-	-2.7	-14.6
Deferred tax expense	-	0.5	15.2
Tax on equity hedging previously deferred in equity	-	0.1	-189.3
Total Tax on Discontinued Operations	**0.0**	**-2.1**	**-188.7**

In 2009 there were no discontinued operations. In April 2008 Stora Enso finalised the divestment of its merchant business Papyrus, which resulted in total tax of EUR 2.1 million.

In December 2007 Stora Enso finalised the divestment of SENA, its North American subsidiary holding its US and Canadian interests triggering two non-cash materially adverse tax consequences:

- A non-deductible goodwill impairment of EUR 158.9 million was expensed in the USA.
- The sale itself resulted in non-deductible accumulated currency losses of EUR 509.7 million being expensed, though the off-setting hedging gains of EUR 640.3 were fully taxable as seen by the tax charge in the above table of EUR 189.3 million.

Income Tax - Statement of Financial Position Reconciliation

	Current Tax			Deferred Tax			Total Tax		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
At 1 January	79.8	100.3	133.9	203.0	518.3	739.5	282.8	618.6	873.4
Translation difference	1.1	-6.4	-5.9	13.7	-38.9	-18.2	14.8	-45.3	-24.1
Companies acquired	-2.8	0.1	-0.2	-13.2	0.4	0.3	-16.0	0.5	0.1
Companies divested	0.1	-6.2	-37.2	-	-21.0	-12.4	0.1	-27.2	-49.6
OCI *	-	-	-	65.5	-93.3	4.0	65.5	-93.3	4.0
Pensions actuarial movement *	-	-	-	-5.4	3.3	6.3	-5.4	3.3	6.3
Equity hedging * (Note 30)	4.1	1.1	13.2	-	0.1	-191.4	4.1	1.2	-178.2
Income Statement									
Continuing operations	46.4	-49.5	191.3	-55.0	-165.3	-183.9	-8.6	-214.8	7.4
Discontinued operations	-	2.7	14.6	-	-0.6	174.1	-	2.1	188.7
Tax in equity accounted investments	-20.0	12.2	-97.8	-	-	-	-20.0	12.2	-97.8
Tax received/(paid)	-3.0	25.5	-111.6	-	-	-	-3.0	25.5	-111.6
At 31 December	**105.7**	**79.8**	**100.3**	**208.6**	**203.0**	**518.3**	**314.3**	**282.8**	**618.6**
Liabilities	108.1	104.8	134.6	364.4	277.5	582.0	472.5	382.3	716.6
Assets	-2.4	-25.0	-34.3	-155.8	-74.5	-63.7	-158.2	-99.5	-98.0
Net Tax	**105.7**	**79.8**	**100.3**	**208.6**	**203.0**	**518.3**	**314.3**	**282.8**	**618.6**

* Deferred in equity

OCI = Other Comprehensive Income

The Group has recognised a deferred tax asset of EUR 431.2 (EUR 368.4) million for its net trading loss carry-forwards. A valuation allowance of deferred tax assets of EUR 383.8 (EUR 205.3) million was established, which relates to deferred tax assets arising from tax loss carry forwards of EUR 298.7 million and deferred tax assets arising from temporary differences of EUR 85.1 million. The valuation allowance is based on an analysis of the probability for set off against future profits in the relevant tax jurisdictions. At 31 December 2009 Stora Enso had gross losses carried forward of EUR 1 620 (EUR 1 427) million of which some EUR 629 (EUR 1 325) million had no expiry date, EUR 28 (EUR 13) million expire during the years 2010–2014 and EUR 963 (EUR 89) million thereafter. Tax losses of EUR 847 (EUR 473) million with an accounting value of EUR 78.2 (EUR 123.2) million after deducting valuation allowances, relates to Finland. The tax loss carry-forwards with an accounting value of EUR 132.5 (EUR 163.1) million, after deducting allowances are netted against deferred tax liabilities within each jointly taxed group of companies and are only shown separately as an asset to the extent that they exceed such liabilities.

No deferred tax liability has been recognised for the undistributed earnings of Finnish subsidiaries as such earnings may be transferred to the Parent Company without tax consequences. In accordance with IAS 12 Taxes the Group does not provide for deferred taxes on undistributed earnings of non-Finnish subsidiaries.

Reconciliation of Deferred Tax Balances in 2009

EUR million	As at 1 Jan 2009	Translation Difference	Acquisitions and Disposals	Income Statement	OCI	As at 31 Dec 2009
Fixed asset depreciation differences	537.5	17.1	8.6	-146.3	-	416.9
Untaxed reserves	30.6	1.7	-	-33.9	-	-1.6
Pension provisions	-21.6	0.1	-	0.7	-4.6	-25.4
Other provisions	-103.5	-3.8	1.8	15.5	-	-90.0
Unrealised internal profits	-7.4	-0.4	-	4.0	-	-3.8
Tax losses carried forward	-368.4	0.2	1.4	-64.4	-	-431.2
Other	-5.3	-2.5	-22.9	-10.7	-	-41.4
Less valuation allowance (Note 11)	205.3	0.5	-2.1	180.1	-	383.8
	267.2	**12.9**	**-13.2**	**-55.0**	**-4.6**	**207.3**
Taxes Deferred in Equity						
Available-for-sale investments (OCI)	-4.2	-	-	-	6.7	2.5
Derivative financial instruments (OCI)	-60.0	-	-	-	58.8	-1.2
Equity hedges (CTA)	-	-	-	-4.1	4.1	0.0
Change in Net Deferred Tax	**203.0**	**12.9**	**-13.2**	**-59.1**	**65.0**	**208.6**
Liabilities						364.4
Assets						-155.8
Net deferred tax liabilities						**208.6**

OCI = Other Comprehensive Income
CTA = Cumulative Translation Adjustment

Under current IFRS rules all deferred tax is shown as non-current even though a proportion will be reversed within twelve months.

Note 11 Valuation Provisions

Provisions for obsolete inventories, inventory net realisable values, doubtful receivables, and tax valuation allowances are shown below:

Valuation and Qualifying Accounts

EUR million	Stock Obsolescence: Spare parts	Stock Obsolescence: Finished Goods	Inventory net realisable valuation	Doubtful Accounts	Deferred Tax	Total Allowances
Carrying Value at 1 January 2007	**28.1**	**14.6**	**8.4**	**42.3**	**258.6**	**352.0**
Translation difference	-0.2	-0.2	-0.2	0.3	8.3	8.0
Companies Acquired	-3.0	-1.4	-1.8	-2.1	-146.1	-154.4
Charge in Income Statement: Continuing	47.4	11.4	4.3	5.2	49.1	117.4
Reversal in Income Statement: Continuing	-6.4	-6.6	-3.0	-6.0	-10.7	-32.7
Income Statement: Discontinued Operations	0.3	-1.4	-1.7	-0.2	-4.8	-7.8
Carrying Value at 31 December 2007	**66.2**	**16.4**	**6.0**	**39.5**	**154.4**	**282.5**
Translation difference	-1.9	-0.1	-0.1	-1.9	-6.0	-10.0
Companies Acquired & Disposed	-	-5.0	-3.4	-18.6	-3.0	-30.0
Charge in Income Statement: Continuing	18.2	25.8	11.6	0.4	107.2	163.2
Reversal in Income Statement: Continuing	-14.3	-23.0	-2.2	-	-47.0	-86.5
Income Statement: Discontinued Operations	-	-	-0.2	1.1	-0.3	0.6
Carrying Value at 31 December 2008	**68.2**	**14.1**	**11.7**	**20.5**	**205.3**	**319.8**
Translation difference	1.3	-	0.1	-	0.5	1.9
Companies Acquired & Disposed	-	-	2.8	-	-2.1	0.7
Charge in Income Statement: Continuing	19.2	2.8	0.5	16.5	190.0	229.0
Reversal in Income Statement: Continuing	-13.9	-5.7	-13.0	-0.8	-9.9	-43.3
Carrying Value at 31 December 2009	**74.8**	**11.2**	**2.1**	**36.2**	**383.8**	**508.1**

In 2009, operative provisions did not change significantly in total, however the inventory valuation allowance related to net realisable value decreased by EUR 12.5 million, due to the turnover of those inventories held at 31 December 2008 which had high input costs. The provision for doubtful receivables increased by EUR 15.7 million in response to the increased risk associated with customers' credit. Provisions related to trade receivables are discussed in more detail in Note 19 Receivables.

The largest increase in valuation provisions related to deferred tax which increased by EUR 180 million reflecting the current trading situation of the Group and the economy as a whole. The provision related to deferred tax is discussed in Note 10 Income Tax.

Note 12 Depreciation and Fixed Asset Impairment Charges

Depreciation and Fixed Asset Impairment Charges

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Depreciation: Continuing Operations			
Intangible fixed assets	27.0	27.5	28.0
Buildings and structures	91.5	98.5	106.4
Plant and equipment	411.7	535.6	631.7
Other tangible fixed assets	21.4	25.0	26.3
Total	**551.6**	**686.6**	**792.4**
Impairment and disposal losses: Continuing Operations			
Intangible fixed assets	0.8	1.9	21.4
Land	70.7	9.2	-
Buildings and structures	110.1	47.0	53.3
Plant and equipment	426.1	405.9	583.0
Other fixed assets	10.8	39.5	38.8
Goodwill	-	236.0	74.1
Total	**618.5**	**739.5**	**770.6**
Reversal of Impairment: Continuing Operations			
Land	-	-	-11.6
Buildings and structures	-2.6	-2.0	-6.1
Plant and equipment	-14.6	-1.7	-15.7
	-17.2	-3.7	-33.4
Depreciation & Impairment Charges: Continuing Operations	**1 152.9**	**1 422.4**	**1 529.6**
Depreciation & Impairment Charges: Discontinued Operations			
Depreciation	-	6.9	188.3
Impairment of fixed assets	-	-	4.5
Impairment of goodwill	-	39.2	158.9
Total	0.0	46.1	351.7
Total Operations	**1 152.9**	**1 468.5**	**1 881.3**

Depreciation

The total depreciation charge from continuing operations has decreased by some EUR 240 million since 2007 mainly as a result of significant fixed asset impairments over the same period. A breakdown of depreciation and impairment charges by segment is set out in Note 3 Segment Information.

Impairment testing

Goodwill is tested at the level monitored by senior management, being groups of CGU, whereas fixed assets are tested at CGU level which can be a mill on a stand alone basis or a group of mills. The recoverable amount of CGUs has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management. The pre-tax discount rates are calculated for each unit of cash flows taking into account the tax and risk profile of the country in which the cash flows are generated, therefore a CGU may have more than one discount rate. The table in the goodwill testing section below sets out the average pre-tax discount rates used for goodwill testing which are similar to those used in the fixed asset impairment testing.

Impairments were calculated with a Value-in-Use method for each CGU based on the following main assumptions:

- Sales price estimates in accordance with internal and external specialist analysis.
- Inflation estimates of approximately 2% p.a.
- Current cost structure to remain unchanged.
- For goodwill testing a five-year future period was used after which the perpetuity value was based on zero growth rates whereas for the fixed asset tests the period was the remaining expected economic lifetime of the asset.

Fixed asset impairment

Total fixed asset impairments during 2009, amounted to EUR 618.5 million of which EUR 379.3 million resulted from impairment testing and EUR 239.2 million resulting from ongoing restructuring. A further EUR 14.9 million impairment was charged in relation to the disposal of Stora Enso Uruguay S.A. as discussed in Note 4 Acquisitions and Disposals. The impairment reversal of EUR 17.2 million mainly relates to the Summa Mill Site disposal and to the reversal of the decision announced in September 2008 to close board machine 1 ("BM 1") at Imatra Mills.

The table below summarises the planned capacity reductions and fixed asset impairment charges resulting from the restructuring programmes announced during 2009:

2009 Restructuring

	Year Ended 31 December	
	Capacity tonnes/m³	**Impairment Charge EUR million**
Varkaus Mill - Uncoated fine[1)]	310 000	112.0
Varkaus Mill - Newsprint[1)]	290 000	43.8
Varkaus Mill - Powerplant[1)]	n/a	7.5
Imatra Mill PM8 - Uncoated fine[2)]	210 000	31.1
Sunila Pulp Mill - Softwood pulp[1)]	375 000	8.8
Other	n/a	36.0
		239.2

1) Final decision on potential closure expected in 2010
2) Subject to co-determination negotiations

Fixed asset impairments in 2008 in respect of the Group's ongoing business amounted to EUR 503.5 million of which EUR 125.0 million related to closures announced in September 2008 and EUR 378.5 million arose from the impairment testing undertaken in the fourth quarter; there was also a minor reversal of EUR 3.5 million relating to a previous impairment at the closed Berghuizer Mill. The main closure related impairments in 2008 included:

- The closure of Consumer Board's Baienfurt Mill in Germany in December resulted in fixed asset impairments of EUR 42.3 million in order to close down its cartonboard machine with annual capacity 190 000 tonnes of folding boxboard.
- The closure by the end of 2009 Board Machine 1 at Imatra Mill in Finland also in Consumer Board which had an annual capacity of 170 000 tonnes of cupstock and liquid packaging board resulting in an impairment charge of EUR 19.0 million.
- The closure in late 2008 of Industrial Packaging's Corenso coreboard machine at Varkaus Mill in Finland which had an annual capacity of 100 000 tonnes and resulted in an impairment of EUR 11.8 million.
- The closure in late 2008 of Magazine Paper's paper machine (PM) 3 at Kabel Mill in Germany with an annual capacity of 140 000 tonnes of coated magazine paper resulted in a minor impairment charge of EUR 3.3 million.
- As a result of the Group successfully making alternative arrangements the Group's Russian Wood Supply business is largely redundant in its current form and has had to be substantially impaired. The write-off of the cutting rights, terminals and much of the harvesting assets resulted in an impairment charge of EUR 22.5 million.
- As a result of the current market problems in world timber markets, the Group also closed down Paikuse and Viljandi sawmills in Estonia in late 2008 necessitating fixed asset impairments of EUR 8.3 million.

Fixed asset impairments in 2007 in respect of the Group's ongoing business amounted to EUR 696.5 million of which EUR 202.2 million related to closures and EUR 494.3 million arose from the impairment testing undertaken in the third quarter; there was also a reversal of EUR 33.4 million. The closure related impairment charges related to the closure of Summa Mill, a magazine paper machine at Anjala Mill, Kemijärvi Pulp Mill and Norrsundet Pulp Mill.

Goodwill impairment testing

There was no goodwill impairment in 2009. Total goodwill impairment in 2008 amounted to EUR 236 million of which EUR 228 million related to the Fine Paper segment.

Business Area - Groups of Cash Generating Units

EUR million	Year Ended 31 December 2009 Goodwill at Year End	Impairment Charge	Average Discount Rate	Year Ended 31 December 2008 Goodwill at Year End	Impairment Charge	Average Discount Rate
Fine Paper - Graphic	-	-	-	-	205.5	10.8%
Fine paper - Office	-	-	-	-	22.5	9.6%
Consumer Board - Folding Boxboard	-	-	-	-	8.0	9.2%
Wood Products - Central Europe	105.3	-	9.9%	104.4	-	10.2%
Newsprint and Book - Europe	23.0	-	9.9%	23.0	-	10.2%
Magazine Paper - Uncoated	60.0	-	9.9%	60.0	-	10.2%
Industrial Packaging - Corenso	20.0	-	8.9%	20.2	-	9.2%
Goodwill: Continuing Operations	**208.3**	**-**		**207.6**	**236.0**	

The calculation of value in use is most sensitive to discount rate, sales price and costs. The table below summarises what a 1% increase in discount rate, decrease in sales prices and increase in costs would have had on the goodwill impairment testing results.

Impairment Testing Sensitivity Analysis in 2009

EUR million	Goodwill Impairment
1% change in the discount rate	3
1% change in the sales	290
1% change in the costs	290

Segment Impairment Less Reversals

EUR million	Year Ended 31 December 2009	2008	2007
Newsprint and Book Paper	59.1	-	82.6
Magazine Paper	151.9	4.2	330.1
Fine Paper	298.1	402.7	13.0
Consumer Board	26.0	161.0	187.0
Industrial Packaging	23.2	56.7	5.9
Wood Products	-0.1	82.7	118.1
Other	43.1	28.5	0.5
Total: Continuing Operations	**601.3**	**735.8**	**737.2**
Merchants: Discontinued operations	-	39.2	-
North America: Discontinued operations	-	-	163.4
Total Operations	**601.3**	**775.0**	**900.6**

Note 13 Fixed Assets

Fixed Asset Summary

	Year Ended 31 December			
EUR million	**Property Plant & Equipment**	**Intangible Fixed Assets**	**Goodwill**	**Total Fixed Assets**
Acquisition Cost				
At 1 January 2009	16 665.9	327.5	1 137.0	18 130.4
Translation difference	328.0	5.5	2.2	335.7
Reclassifications	5.5	-5.5	-	0.0
Companies acquired	13.8	5.0	-	18.8
Additions	380.4	14.0	-	394.4
Disposals	-311.0	-3.8	-	-314.8
At 31 December 2009	**17 082.6**	**342.7**	**1 139.2**	**18 564.5**
Accumulated Depreciation Amortisation and Impairment				
At 1 January 2009	11 252.2	250.0	929.4	12 431.6
Translation difference	204.2	5.8	1.5	211.5
Companies acquired	1.2	-	-	1.2
Disposals	-200.3	-12.3	-	-212.6
Depreciation: Continuing operations	524.6	27.0	-	551.6
Impairment: Continuing operations	600.5	0.8	-	601.3
At 31 December 2009	**12 382.4**	**271.3**	**930.9**	**13 584.6**
Net Book Value at 31 December 2009	**4 700.2**	**71.4**	**208.3**	**4 979.9**
Net Book Value at 31 December 2008	**5 413.7**	**77.5**	**207.6**	**5 698.8**
Net Book Value at 31 December 2007	**6 476.7**	**159.1**	**502.7**	**7 138.5**

Property, Plant & Equipment

EUR million	Land and Water	Buildings and Structures	Plant and Equipment	Other Tangible Assets	Assets in Progress	Total
	Year Ended 31 December					
Acquisition Cost						
At 1 January 2009	324.2	2 709.4	12 876.4	455.6	300.3	16 665.9
Translation difference	27.2	38.9	241.8	12.5	7.6	328.0
Reclassifications	-8.6	54.2	107.0	2.0	-149.1	5.5
Companies acquired	10.2	-	3.4	0.2	-	13.8
Additions	3.8	2.6	153.7	3.3	217.0	380.4
Disposals	-97.3	-17.2	-190.7	-7.4	1.6	-311.0
At 31 December 2009	**259.5**	**2 787.9**	**13 191.6**	**466.2**	**377.4**	**17 082.6**
Accumulated Depreciation and Amortisation						
At 1 January 2009	9.7	1 494.5	9 420.6	313.9	13.5	11 252.2
Translation difference	1.6	22.5	170.8	9.6	-0.3	204.2
Companies acquired	-	-	1.2	-	-	1.2
Disposals	-25.4	18.7	-185.7	-6.6	-1.3	-200.3
Depreciation	-	91.5	411.7	21.4	-	524.6
Impairment	70.7	107.5	411.5	10.3	0.5	600.5
At 31 December 2009	**56.6**	**1 734.7**	**10 230.1**	**348.6**	**12.4**	**12 382.4**
Net Book Value at 31 December 2009	**202.9**	**1 053.1**	**2 961.5**	**117.6**	**365.0**	**4 700.2**
Net Book Value at 31 December 2008	**314.5**	**1 214.9**	**3 455.8**	**141.7**	**286.8**	**5 413.7**
Net Book Value at 31 December 2007	**370.0**	**1 454.2**	**4 163.9**	**183.8**	**304.8**	**6 476.7**

Capitalised Values

	Year Ended 31 December								
	Computer Software			Capitalised Interest			Finance Leases		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
At 1 January	54.6	64.5	60.5	50.7	54.2	75.1	9.5	36.0	119.3
Translation difference	-	-0.3	-	0.8	-1.6	-1.0	0.1	-1.5	-6.4
Acquisitions and disposals	-0.1	-0.1	-3.0	-	-0.3	-11.0	-	-17.7	-47.4
Capitalised in the year	12.6	13.7	29.3	8.4	1.7	0.8	41.5	10.1	1.9
Amortisation	-20.7	-23.2	-22.3	-2.1	-3.3	-9.7	-0.8	-17.4	-31.4
At 31 December	**46.4**	**54.6**	**64.5**	**57.8**	**50.7**	**54.2**	**50.3**	**9.5**	**36.0**

Computer software includes capitalised own software at the year end of EUR 9.5 (EUR 10.3) million; additions during the year were EUR 2.6 (EUR 1.0) million and amortisation was EUR 3.3 (EUR 6.8) million.

Fixed asset additions

Acquisitions of Group companies in 2009 included fixed assets therein of EUR 17.6 (EUR 4.0) million with no goodwill. The main acquisition was that on Sunila Oy which is discussed in more detail in Note 4 Acquisitions and Disposals.

The Group significantly reduced the level of capital expenditure in 2009 in order to preserve cash and no new major projects were announced during the year. Total capital expenditures for the year in Stora Enso Oyj and its subsidiaries amounted to EUR 394.4 (EUR 658.3) million. Details of ongoing projects and future plans are discussed in more detail in the Report of the Board of Directors.

The biggest investment undertaken in 2007 but which started production in 2008 was the new magazine paper mill in Dawang, China which was ready for commercial production at the end of 2007 and inaugurated on 28 January 2008. In April 2006 Stora Enso had signed an agreement with Shandong Huatai Paper to form a publication paper company in China the Group holding 60% of the venture and as a result the 200 000 tonnes per year super-calendared paper machine in Shandong province was constructed at a total cost of EUR 90.4 million.

Fixed Asset Disposals

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Acquisition cost	314.8	1 625.1	4 925.3
Accumulated depreciation	212.6	1 289.0	3 176.5
Net book value of disposals	102.2	336.1	1 748.8
Capital gains on disposals	32.6	9.0	35.6
Disposals Proceeds	**134.8**	**345.1**	**1 784.4**
Represented by			
Cash sales proceeds	60.5	52.0	83.5
Deferred sale proceeds: sale of Reisholz site	-	9.8	-
Group company disposals	74.3	283.3	1 700.9
Total Fixed Asset Disposals	**134.8**	**345.1**	**1 784.4**

Divestments of Group companies in 2009 resulted in the disposal of fixed assets of EUR 92.6 million related to the disposal of Stora Enso Uruguay S.A. (SEUSA). As discussed in Note 15 Equity Accounted Investments, Stora Enso and Celulosa Arauco y Constitucion S.A. (Arauco) established a joint venture company to combine their assets in Uruguay to facilitate the joint acquisition of Grupo ENCE assets in Uruguay. The Group contributed 100% of SEUSA shares to Forestal Cono Sur S.A. (FCS), Arauco's 100% subsidiary in Uruguay, in return for 50% of the shares in FCS.

Divestments of Group companies in 2008 resulted in the disposal of fixed assets of EUR 283.3 million the principal items being:

- The divestment of the Group's Merchant business Papyrus which is treated as a discontinued operation as it comprised the entire Merchant segment the operative fixed assets of which amounted to EUR 253.8 million.
- The sale of the company owning the Group's Head Office in Helsinki the value of the building realising EUR 25.4 million net of costs.

The greater part of the other disposals of EUR 61.8 million was accounted for by:

- The sale of the site of the former Berghuizer fine paper mill together with its power plant and sundry equipment which realised EUR 23.5 million all of which was received by the year end.
- The sale of the site of the former Reisholz magazine paper mill which generated EUR 20.5 million.
- Other sundry asset disposals mainly comprised minor sales in the normal course of operations realised EUR 17.8 million with goodwill of EUR 0.8 million being realised on a minor company.

Divestments of Group companies in 2007 resulted in the disposal of fixed assets of EUR 1 700.9 million the principal items being:

- The divestment of the Group's North American operations the fixed asset disposal value being EUR 1 631.5 million after a disposal-related impairment charge of EUR 158.9 million.
- The 80% disposal of the Arapoti plantation operation in Brazil acquired in 2006 along with the paper machine though with the intention of an onward sale of the forest. The fixed assets disposed amounted to EUR 36.9 million.

The greater part of other disposals was accounted for by the sale of merchant warehouses in Sweden and Denmark realising a capital gain of EUR 24.4 million and other property sales with gains of EUR 5.9 million mainly in London. Sale of Group companies other than in the Americas realised capital gains of EUR 5.0 million, representing goodwill realised.

Note 14 Biological Assets

Most Group interests in biological assets are held in equity accounted investments in Brazil, Finland, Sweden and more recently in Uruguay, thus the values directly disclosed in the financial statements for biological assets are limited. Whilst the Group's indirect share of forest assets held by equity accounted Investments amounts to EUR 1 831 (EUR 1 631) million for the standing trees the amount directly disclosed on the Group Balance Sheet from subsidiary companies amounts to only EUR 152.5 (EUR 133.6) million as shown below.

Biological Assets

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Carrying value at 1 January	**133.6**	**88.7**	**111.5**
Translation difference	5.1	4.8	3.6
Additions	35.4	58.3	50.2
Disposals	-18.3	-	-84.1
Change in fair value (biological growth & price effects)	-1.6	-8.8	26.2
Decrease due to harvest (agricultural produce)	-1.7	-9.4	-18.7
Carrying Value at 31 December	**152.5**	**133.6**	**88.7**

During 2009, the main additions related to the continuing development of eucalyptus plantations in Guangxi, China and Rio Grande do Sul, Brazil. As discussed in more detail in Note 15 Equity Accounted Investments, Stora Enso and Celulosa Arauco y Constitucion S.A. (Arauco) established a joint venture company to combine their assets in Uruguay to facilitate the joint acquisition of Grupo ENCE assets in Uruguay. The Group contributed 100% of Stora Enso Uruguay S.A. shares to Forestal Cono Sur S.A. (FCS), Arauco's 100% subsidiary in Uruguay in return for 50% of the shares in FCS. The total value of Biological assets in Stora Enso Uruguay S.A. at the time of the disposal amounted to EUR 18.3 million. The biological assets in Guangxi are currently carried at cost because, in the event that Stora Enso does not develop a production facility, the biological assets are required to be returned to the local government at cost, the carrying value at 31 December was EUR 120.9 million.

At 31 December 2009 Stora Enso's biological assets had a fair value of EUR 152.5 (EUR 133.6) million and were located by value in China 79% (75%), Brazil 21% (15%) and Uruguay 0% (10%). In addition the Group has five equity accounted investments holding biological assets:

- Bergvik Skog AB (Bergvik Skog), the 43.3% owned Swedish associate company had forests at a fair value of EUR 2 906.7 (EUR 2 681.7) million of which Stora Enso's share was EUR 1 257.4 (EUR 1 160.1) million.
- Tornator Oy (Tornator), a 41% owned associate company which acquired the Group's Finnish forest interests in 2002, had forest assets at a fair value of EUR 876.9 (EUR 855.7) million of which Stora Enso's share was EUR 359.5 (EUR 250.8) million.
- Veracel Celulose S.A. (Veracel), a 50% joint venture company in Brazil, also has substantial tree plantations fair valued at EUR 270.6 (EUR 221.5) million with a growing cycle of only seven years of which Stora Enso's share was EUR 135.3 (EUR 110.7) million.
- Arauco, the 20% owned southern Brazilian associate company, has biological assets at a carrying value of EUR 58.0 (EUR 46.8) million of which Stora Enso's share was EUR 11.6 (EUR 9.4) million.
- Montes del Plata, the newly established joint venture with Arauco in Uruguay, has biological assets at a carrying value of EUR 134.2 million of which Stora Enso's share was EUR 67.1 million.

Note 15 Equity Accounted Investments

Carrying Values of Equity Accounted Investments

EUR million	2009	2008	2007
	Year Ended 31 December		
At 1 January	801.0	767.7	635.8
Translation difference	14.2	-26.2	-10.2
Additions	128.5	53.9	91.6
Equity accounted investments in Acquisitions & Disposals	0.3	-1.2	24.7
Disposal proceeds	-8.9	-0.1	-0.4
Income Statement – Profit on disposal	0.7	-	-
Subsidiary transfers & disposal adjustment	89.0	6.9	26.2
Historical cost at 31 December	**1 024.8**	**801.0**	**767.7**
Equity Adjustments			
At 1 January	241.5	386.8	169.4
Translation difference	139.9	-142.2	25.4
Share of results before tax*	111.8	7.6	342.7
Dividends received	-7.5	-13.5	-31.8
Income taxes	-20.0	12.2	-97.8
OCI (Note 29)	-8.5	-9.4	5.1
Subsidiary transfers & disposal adjustment	-0.7	-	-26.2
Equity adjustment at 31 December	**456.5**	**241.5**	**386.8**
Carrying Value at 31 December	**1 481.3**	**1 042.5**	**1 154.5**

* Includes result from discontinued operations

The Group's share of results in Equity Accounted Investments is reported in operating profit to reflect the operational nature of these investments especially those in wood and pulp supply. There is no goodwill in respect of equity accounted Investments either held on the Statements of Financial Position of those companies or in the ownership of them.

Principal Equity Accounted Investments

		%	As at 31 December EUR million		
Company	**Domicile**	**2009**	**2009**	**2008**	**2007**
Veracel Celulose S.A.: pulp mill & plantation	Brazil	50.0	569.8	434.2	482.2
Bergvik Skog AB: forest	Sweden	43.3	415.6	360.3	382.6
Montes del Plata: plantation	Uruguay	50.0	237.5	-	-
Tornator Oy: forest	Finland	41.0	149.1	137.0	147.1
Thiele Kaolin Company Inc: China clay	USA	38.2	42.7	49.8	41.4
Arauco Florestal Arapoti S.A.: plantation	Brazil	20.0	24.3	21.9	25.7
Steveco Oy: stevedores	Finland	34.3	5.4	8.7	8.3
Efora Oy: out-sourced maintenance	Finland	51.0	6.5	6.9	2.7
Sunila Oy: pulp mill*	Finland	100.0	-	-	44.2
			1 450.9	**1 018.8**	**1 134.2**
Others			30.4	23.7	20.3
Carrying Value at 31 December			**1 481.3**	**1 042.5**	**1 154.5**

* Sunila Oy became a 100% subsidiary on 15 May 2009 and was merged with Stora Enso Oyj on 30 November 2009.

During 2009, Stora Enso and Celulosa Arauco y Constitucion S.A. (Arauco) established a joint venture company to combine their assets in Uruguay to facilitate the joint acquisition of Grupo ENCE assets in Uruguay. The Group contributed 100% of Stora Enso Uruguay S.A. shares to Forestal Cono Sur S.A. (FCS), Arauco's 100% subsidiary in Uruguay in return for 50% of the shares in FCS. Arauco and Stora Enso then jointly acquired the majority of Spanish pulp producer ENCE's operations In Uruguay through the acquisition of three separate legal entities. Although the legal structure comprises of four separate entities, each owned on a 50:50 basis, they are run as one operation under the name Montes del Plata. The new joint venture comprises around 240 000 hectares of owned land and 16 000 hectares of leased land around half of which is already planted with pine and eucalyptus.

The cash paid to acquire the ENCE entities amounted to USD 335 million and the fair valuation of assets and liabilities amounted to USD 411 million resulting in negative goodwill of USD 76 million mainly related to the valuation of forest assets. Stora Enso recorded its share amounting to USD 38 (EUR 26) million in result from equity accounted Investments. This fair value gain compensates the loss recorded as a result of the disposal of Stora Enso Uruguay S.A. amounting to EUR 7.0 million. The net result of the Montes del Plata transactions is a gain of EUR 19 million.

In May, the Group finalised the acquisition of Myllykoski Paper's remaining 49% shareholding in Sunila Oy in Finland bringing Stora Enso's share to 100%, therefore Sunila Oy is no longer accounted for as an equity accounted investment.

As part of the restructuring process in Finland in 2008, Stora Enso and ABB Oy (ABB) signed an agreement in September to establish a joint venture company to provide maintenance services to Group mills starting on 1 January 2009. As a result Stora Enso sold to ABB at their equity value a further 24% of the shares in its maintenance subsidiary Fortek Oy (renamed Efora Oy) taking their holding to 49%. However as the shareholder's agreement provided that ABB would have control of that company and the Group now reports its interest as an equity accounted investment currently valued at EUR 6.9 million.

Stora Enso has set up a jointly owned company NSE Biofuels Oy Ltd with Neste Oil Oyj in order to develop biofuel usage at Varkaus Mill in Finland and if successful then build a full scale commercial plant at one of the Group mills. At the year end the equity value of this investment amounted to EUR 6.1 million with loan finance outstanding of EUR 10.0 million.

Group Share of Equity Accounted Investments Income Statements

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Turnover	469.0	620.6	577.4
Cost of sales	-325.3	-531.2	-459.9
Trading profit	**143.7**	**89.4**	**117.5**
IAS 41 Valuation (Note 14)	9.5	0.4	287.8
Operating profit	**153.2**	**89.8**	**405.3**
Net financial items	-41.4	-82.2	-62.6
Net Profit before Tax in the Group Income Statement*	**111.8**	**7.6**	**342.7**
Tax shown in the Group Income Statement	-20.0	12.2	-97.8
Net Profit for the Period	**91.8**	**19.8**	**244.9**

* Includes result from discontinued operations

Stora Enso and its Brazilian partner Fibria formerly Aracruz Celulose S.A. have established a 235 000 hectare eucalyptus plantation and constructed a 1 100 000 tonnes per year pulp mill for their jointly owned associate company Veracel; each company has a 50% stake and is entitled to half of the mill's output. The Group share of the profit before tax was EUR 9.1 (EUR 15.0) million inclusive of forest valuation loss of EUR 9.7 (EUR gain 4.6) million and the year-end carrying value amounted to EUR 569.8 (EUR 434.2) million.

In 2004, 56.7% of Stora Enso's Swedish forest holding company Bergvik Skog was divested to institutional investors leaving the Group with a minority shareholding of 43.3% currently valued at EUR 415.6 (EUR 360.3) million. In 2009, the Group share of Bergvik Skog result before tax came to EUR 43.4 million before a tax charge of EUR 9.7 million.

Stora Enso's Finnish forest holdings were divested into an Associate, Tornator, in 2002 with the Group's 41% residual interest now being worth EUR 149.1 (EUR 137.0) million. In 2009, the Group share of Tornator result before tax came to EUR 21.5 million before a tax charge of EUR 5.1 million.

Group Share of Equity Accounted Investment Statements of Financial Position

EUR million	2009	2008	2007
	As at 31 December		
Fixed assets	896.1	620.5	770.2
Biological assets	1 831.0	1 631.1	1 791.8
Operative receivables:			
Long-term	34.1	36.4	41.9
Short-term	112.7	116.0	104.5
Inventories	38.6	60.5	54.8
Cash	39.2	45.6	40.7
Total Assets	**2 951.7**	**2 510.1**	**2 803.9**
Liabilities			
Operative Liabilities:			
Long-term	34.7	37.4	44.7
Short-term	125.7	117.5	104.0
Debt:			
Long-term	847.5	855.0	974.2
Short-term	62.2	83.7	88.3
Tax liabilities	400.3	374.0	438.2
Total Liabilities	**1 470.4**	**1 467.6**	**1 649.4**
Net Equity on the Group Statement of Financial Position	**1 481.3**	**1 042.5**	**1 154.5**
Represented by			
Capital & Reserves	1 500.3	1 053.0	1 155.6
OCI	-19.0	-10.5	-1.1
Equity Accounting Value	**1 481.3**	**1 042.5**	**1 154.5**

Equity Accounted Investment Company Balances

EUR million	2009	2008	2007
	As at 31 December		
Receivables from Equity Accounted Investments			
Long-term loan receivables	113.3	110.6	112.1
Trade receivables	18.9	42.6	42.2
Short-term loan receivables	4.3	4.8	4.0
Prepaid expenses and accrued income	0.7	0.6	0.8
Liabilities due to Equity Accounted Investments			
Trade payables	23.5	35.1	25.4
Accrued liabilities and deferred income	12.1	14.4	13.3

Equity Accounted Investments Transactions

EUR million	2009	2008	2007
	Year Ended 31 December		
Sales to equity accounted investments	45.4	168.9	217.2
Interest on equity accounted loan receivables	7.9	9.5	9.0
Purchases from equity accounted investments	258.7	358.5	343.2

The Group engages in transactions with Associated Companies such as sales of wood material and purchases of wood, energy and pulp products. All agreements in Europe are negotiated at arm's length and are conducted on terms that the Group considers customary in the industry and generally no less favourable than would be available from independent third parties.

Total loans to Associates came to EUR 117.6 (EUR 115.4) million of which EUR 78.9 (EUR 75.3) million was due from Bergvik Skog, EUR 26.3 (EUR 26.3) million from Tornator and a further EUR 10.0 (EUR 9.9) million from NSE Biofuels Oy Ltd. Interest income on associate loans totalled EUR 7.9 (EUR 9.5) million of which EUR 6.4 (EUR 6.7) million came from Bergvik Skog and EUR 1.1 (EUR 1.8) million from Tornator.

Note 16 Available-for-Sale Investments

The Group classifies its investments into the three categories of trading, held-to-maturity and available-for-sale; at the reporting date the Group held only available-for-sale investments.

All available-for-sale investments are considered to be non-current assets unless they are expected to be realised within twelve months.

Summary of Values

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Acquisition cost at 1 January			
Interest bearing securities	217.4	145.9	25.6
Operative securities	385.4	372.3	122.8
Investments classified as available-for-sale	602.8	518.2	148.4
OCI in opening balance	506.4	904.4	687.1
Available-for-Sale investments at 1 January	**1 109.2**	**1 422.6**	**835.5**
Translation difference	4.5	17.6	-10.1
Papyrus / SENA Divestments	-	50.4	376.9
Accrued interest on PIK Notes	13.6	19.7	-
Additions	2.4	8.8	14.3
Change in fair values accounted for as OCI	175.5	-396.1	217.7
Disposal proceeds	-23.8	-15.6	-15.9
Income Statement – gains and losses	-431.2	1.8	4.2
Carrying Amount at 31 December	**850.2**	**1 109.2**	**1 422.6**

Unrealised Gains and Losses in Securities

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
Unrealised holding gains	686.7	661.5	905.3
Unrealised holding losses	-	-155.1	-0.9
Net unrealised holding gains (OCI)	**686.7**	**506.4**	**904.4**
Cost	163.5	602.8	518.2
Market value	**850.2**	**1 109.2**	**1 422.6**
Net unrealised holding gains (OCI)	686.7	506.4	904.4
Deferred tax	-2.5	4.2	-5.3
Net unrealised holding gains shown in equity as OCI	**684.2**	**510.6**	**899.1**
Change in net unrealised holding gains shown in equity as OCI	**173.6**	**-388.5**	**216.2**

The fair value of publicly traded securities are based on quoted market prices at the reporting date whereas the fair value of other securities are assessed using a variety of methods and assumptions based on market conditions existing at each reporting date; quoted market prices or dealer quotes for similar or identical securities may be obtained, alternatively other techniques such as option pricing models and estimated discounted values of future cash flows may also be used.

On 30 April 2008 Stora Enso completed the divestment of its merchant business Papyrus to Altor Fund II a private equity venture. Part of the consideration comprised a PIK Note issued by the Altor subsidiary Papyrus Holding AB with a nominal value of EUR 57.3 million that was fair valued on receipt at EUR 50.4 million. The PIK Note is subordinate to senior debt in the purchaser but has priority to equity holders and which matures on 7 May 2017. Interest accrues at the rate of 9% for the first three years of the Note higher for later periods and is added in arrears to the principal of the PIK Note. Mandatory repayment of the PIK Note is required if Altor disposes of more than 50% of the shares in Papyrus or 40% of the assets or if there is an IPO. The PIK Note at the year end had a nominal value of EUR 66.2 million and a fair value of EUR 65.0 million.

In December 2007 Stora Enso finalised the divestment of SENA to NewPage with part of the consideration comprising a loan note and 19.9% of the shares in the newly created holding company NewPage. The USD 200 million PIK Note, was valued on acquisition at USD 171.0 million by reference to similar securities with quoted market prices issued by NewPage whilst the value of shareholding was USD 370 million which was determined based on a discounted cash flow model. The PIK Note matures on 21 December 2015 or earlier in the case of an IPO and carries interest at LIBOR plus 7%.

The valuation of these PIK Notes requires management judgement, however, in the case of the NewPage debt they do have similar securities being traded on the market thus the valuation can be linked to actual trades. However, in order to value these securities it is first necessary to assess an appropriate discount rate reflecting the market pricing of similar instruments in the current market environment. General valuation principals include:

- Using current pricing of mezzanine debt in the LBO market as compared with similar leverage levels acts as a floor in assessing expected returns.
- The security on offer and how the Loan Notes rank in the capital structure as compared with traditional mezzanine debt.
- A review of recent similar examples of such pricing in the Nordic and US debt markets.
- Determining the premium to be applied when compared with market mezzanine levels to reflect the capital structures within the companies issuing the Loan Notes.
- Reviewing publically traded LBO debt or where there are no current examples of similar publicly traded instruments, the closest available comparative instruments are used.

In July 2009, Stora Enso Oyj, NewPage and their largest shareholder, Cerberus Capital Management, L.P. (Cerberus) announced a plan to reorganise NewPage's capital structure through a series of concurrent transactions, including debt tender offers and a potential contribution and cancellation of a portion of the NewPage vendor note held by Stora Enso and the debt acquired by Cerberus. As a result of the concurrent transactions and poor market outlook, the Group recognised an impairment charge of USD 204.8 (EUR 148.5) million related to the PIK Note and a further USD 370.0 (EUR 269.3) million related to the shares. The impact on equity for the year amounted to USD 384.4 (EUR 281.0) million, as USD 190.4 (EUR 136.8) million of the losses had previously been recorded in Other Comprehensive Income. At 31 December 2009, the level of debt in NewPage remained high as the earlier announced capital restructuring had not been completed. This together with the weak market outlook resulted in the fair value of the shareholding remaining at zero. The PIK Note was also valued at zero because NewPage marketable debt securities which are used to value the PIK Note were trading at such low levels.

The Group holds a 14.8% (15.0%) interest in PVO a privately owned group of companies in the energy sector which produces electricity and heat for its shareholders in Finland. Each subsidiary of the PVO group has its own class of shares which entitle the shareholder to the energy produced in proportion to its ownership of that class of share. The shareholders then have an obligation to cover the costs of production which are generally lower than market prices. The holding is fair valued quarterly using an average of three methods, the discounted cash flow model, trading and precedent transaction multiples.

The electricity prices in the model are based on Nordpool prices which is Europe's largest and most liquid market place for physical and financial power contracts. The future derivative prices are used in the first five years of the model and thereafter increased by an inflation factor which is in line with the European Central Bank estimate. The historical financial statements provide the basis for the cost structure for each of the power assets which are adjusted by the inflation factor in future years. The discount rate of 6.5% used in the DCF is determined using the weighted average cost of capital method. The trading and transaction multiples are derived from a peer group of European companies operating similar power assets as PVO. A +/- 5% change in the electricity price used in the DCF would change the valuation by +/- EUR 82 million and a +/- 1% change in the discount rate would change the valuation by -/+ EUR 65 million.

PVO Shareholding at 31 December 2009

EUR million	Share Series	% Holding	Asset Category	Fair Value
PVO Vesivoima	A	20.6	Hydro	153.0
Teollisuuden Voima Oy	B	15.7	Nuclear	456.0
Teollisuuden Voima Oy	B2	14.8	Nuclear under construction	147.0
Other	C, C2, N, V, E1, H, I	various	various	12.4
Total				**768.4**

During 2009, the Group reviewed the carrying value of its shares in various PVO subsidiaries in response to PVO's impairment of assets. These impairments were made to reflect the operational status of assets which had been place in long term reserve and whose starting readiness have been significantly reduced. As a result, the Group recognised an impairment of EUR 15.3 million mainly related to Nokian Lämpövoima Oy, through its Income Statement, however there was no impact on equity as the losses had previously been recorded through Other Comprehensive Income.

The valuation in 2009 amounted to EUR 768.4 (EUR 766.0) million against a book value of EUR 91.2 (EUR 106.5) million with the revaluation of EUR 677.2 (EUR 659.5) million being taken to OCI. No deferred tax is appropriate as under Finnish tax regulations holdings above 10% are exempt from tax on disposal proceeds.

Principal Available-for-Sale Investments

EUR million	Holding %	Number of Shares	Acquisition Cost	Market Value
	As at 31 December 2009			
Packages Ltd, Pakistan - listed security		5 396 650	3.2	6.4
Billerud AB, Sweden - listed security		61 500	0.1	0.3
Papyrus PIK Note - unlisted interest-bearing security		EUR 66.2 m	58.9	65.0
Total Interest Bearing Securities			**62.2**	**71.7**
Pohjolan Voima Oy - unlisted security	14.8	5 382 438	91.2	768.4
Others - unlisted securities	n/a	various	10.1	10.1
Total Operative Securities			**101.3**	**778.5**
Total Available-for-Sale Investments at 31 December 2009			**163.5**	**850.2**
Total Available-for-Sale Investments at 31 December 2008			**602.8**	**1 109.2**
Total Available-for-Sale Investments at 31 December 2007			**518.2**	**1 422.6**

The difference of EUR 686.7 (EUR 506.4) million between the initial fair value at acquisition and reporting date market value of the Available-for-Sale Investments represents the OCI Reserve as shown in the statement of changes in equity. Euro-denominated assets comprise 99.2% (75.2%) of Available-for-Sale Investments.

Note 17 Other Non-Current Assets

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Pension assets (Note 22)	18.5	3.0	5.8
Other non-current operative assets	11.9	13.2	16.8
Total	**30.4**	**16.2**	**22.6**

Note 18 Inventories

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Materials and supplies	338.1	496.9	474.8
Work in progress	70.2	87.5	90.7
Finished goods	564.4	737.7	980.3
Spare parts and consumables	255.0	274.5	298.8
Other inventories	12.2	9.7	10.5
Advance payments & cutting rights	129.8	181.3	226.1
Obsolescence provision – spare parts	-74.8	-68.2	-66.2
Obsolescence provision – finished goods	-11.2	-14.1	-16.4
Net realisable value provision	-2.1	-11.7	-6.0
Total	**1 281.6**	**1 693.6**	**1 992.6**

Note 19 Receivables

Short-term Operative Receivables

EUR million	2009	2008	2007
	As at 31 December		
Trade receivables	1 204.6	1 312.0	1 683.2
Provision for doubtful debts	-36.2	-20.5	-39.5
Prepaid expenses and accrued income	71.9	111.3	150.7
TRS Hedges	-	-	2.6
Other receivables	122.3	180.4	266.1
Total	**1 362.6**	**1 583.2**	**2 063.1**

Due to their short-term nature the carrying amounts of the above receivables are a reasonable approximation to their fair value. Any longer term receivables falling due after one year are included in non-current receivables.

Currency Breakdown of Short-term Operative Receivables

EUR million	2009	2008	2007
	As at 31 December		
EUR	868.4	958.6	1 175.3
USD	116.5	168.1	243.8
SEK	171.6	209.2	255.6
GBP	60.0	69.7	119.6
Other currencies	146.1	177.6	268.8
Total	**1 362.3**	**1 583.2**	**2 063.1**

The majority of the USD and GBP denominated operative receivables are held in Group companies which have EUR and SEK as their functional currencies. As at 31 December 2009, trade receivables of EUR 134.1 (EUR 139.6) million were overdue, but for which no provision had been made. These relate to number of different countries and unrelated customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Age Analysis of Trade Receivables

EUR million	2009	2008	2007
	As at 31 December		
Less than 30 days overdue	114.7	103.9	180.9
31 to 60 days overdue	10.4	25.8	25.6
61 to 90 days overdue	1.1	7.9	6.3
91 to 180 days overdue	2.5	0.9	1.9
Over 180 days overdue	5.4	1.1	4.8
Total: Overdue Accounts	**134.1**	**139.6**	**219.5**
Trade Receivables within their credit terms	1 034.3	1 151.9	1 424.2
Total	**1 168.4**	**1 291.5**	**1 643.7**

Credit losses amounted to EUR 20.5 (EUR 8.6) million net of an increase in the Doubtful Receivables Provision of EUR 15.7 (EUR decrease 0.3) million – see Note 26 Financial Risk Management for details of customer credit risk management. All provisions for Doubtful Receivables are made on an individual basis and are regularly reviewed for changes in the financial position of customers. If the Group has concerns as to the financial state of a customer advance payment or letters of credit are required the latter of which must be irrevocable and drawn on banks. At the year end the total amount of letters of credit awaiting maturity amounted to EUR 12.0 (EUR 13.0) million.

As of 31 December 2009 provisions related to overdue trade receivables totalled EUR 36.2 (EUR 20.5) million. The ageing of the receivables under the doubtful accounts is shown in the table below.

Ageing Analysis of Doubtful Accounts

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Less than 90 days	6.4	2.3	3.9
91 to 180 days	3.6	1.3	4.8
Over 180 days	26.2	16.9	30.8
Total	**36.2**	**20.5**	**39.5**

Interest-bearing Receivables

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Derivative financial instruments (see Note 29)	153.3	206.8	185.2
Equity accounted investment loans	117.6	115.4	116.1
Other loan receivables	109.9	59.2	53.0
	380.8	**381.4**	**354.3**
Current Assets: Receivable within 12 months	221.2	251.1	227.8
Non-current Assets: Receivable after 12 months	159.6	130.3	126.5
Total	**380.8**	**381.4**	**354.3**

Annual interest rates for loan receivables at 31 December 2009 ranged from 0.3% (3.9%) to 10.0% (10.3%). Due to the nature of the Group financial assets their carrying value is considered to approximate their fair value with the exception of the Associate Company loan to Bergvik Skog which has a fair value at year end currency rates of EUR 89.6 (EUR 89.7) million against a carrying value of EUR 78.9 (EUR 75.3) million. Current interest-bearing receivables includes accrued interest of EUR 43.9 (EUR 35.9) million of which EUR 40.3 (EUR 33.9) million relate to interest rate swaps.

Note 20 Shareholders' Equity

Under the Articles of Association, the minimum issued share capital of the Company is EUR 850 million and the maximum EUR 3 400 million, within the limits of which it may be increased or reduced without amendment to the Articles; the minimum number of shares that may be issued is 500 million and the maximum number 2 000 million. The A shares entitle the holder to one vote per share whereas R shares entitle the holder to one vote per ten shares with a minimum of one vote, though the nominal value of both shares is the same. The maximum number of A shares is 500 million and R shares 1 600 million, the aggregate not exceeding 2 000 million. The A shares may be converted into R shares at any time at the request of a shareholder. At 31 December 2009 the Company's fully paid-up share capital as entered in the Finnish Trade Register was the same as in 2008 at EUR 1 342.2 million.

The current nominal value of each issued share is EUR 1.70, unchanged from the previous year and there were no share repurchases nor share cancellations in 2008 and 2009. At both year ends Stora Enso Oyj held shares with an acquisition cost of EUR 10.2 million, comprising 918 512 R shares. The nominal value of the shares was EUR 1.6 million, representing 0.1% of the share capital and 0.04% of voting rights.

At the end of 2009 Directors and Group Executive Team members owned 5 082 (5 590) A shares and 205 389 (181 232) R shares, representing less than 0.01% of the total voting rights of the Company; full details of Director and Executive interests is shown in Note 8 Board and Executive Remuneration. A full description of Company Option Programmes is shown in Note 23 Employee Bonus and Equity Incentive Schemes, however, none of these have any impact on the issued share capital.

At 31 December 2009 shareholder equity amounted to EUR 5 124.3 (EUR 5 594.0) million against a market capitalisation on the NASDAQ OMX Helsinki of EUR 4.0 (EUR 4.4) billion; the market values of the shares were EUR 5.85 (EUR 5.63) for A shares and EUR 4.88 (EUR 5.52) for the R shares.

Change in Share Capital

	A shares	R shares	Total
At 1 January 2007	**178 103 117**	**611 435 382**	**789 538 499**
Conversion of A shares to R shares 15 Feb	-450	450	-
Conversion of A shares to R shares 13 Jul	-284 857	284 857	-
Conversion of A shares to R shares 14 Sep	-3 400	3 400	-
Conversion of A shares to R shares 15 Nov	-324 175	324 175	-
Conversion of A shares to R shares 14 Dec	-11 202	11 202	-
At 31 December 2007	**177 479 033**	**612 059 466**	**789 538 499**
Conversion of A shares to R shares 15 Feb	-17 975	17 975	-
Conversion of A shares to R shares 15 Apr	-10 506	10 506	-
Conversion of A shares to R shares 15 May	-145 741	145 741	-
Conversion of A shares to R shares 13 Jun	-149 922	149 922	-
Conversion of A shares to R shares 15 Sep	-2 358	2 358	-
Conversion of A shares to R shares 14 Nov	-50	50	-
At 31 December 2008	**177 152 481**	**612 386 018**	**789 538 499**
Conversion of A shares to R shares 15 Jan	-50	50	-
Conversion of A shares to R shares 12 Jun	-347	347	-
Conversion of A shares to R shares 14 Aug	-2 000	2 000	-
At 31 December 2009	**177 150 084**	**612 388 415**	**789 538 499**
Number of votes as at 31 December 2009	**177 150 084**	**61 238 842**	**238 388 926**
Share Capital at 31 December 2009, EUR million	**301.2**	**1 041.0**	**1 342.2**
Share Capital at 31 December 2008, EUR million	**301.2**	**1 041.0**	**1 342.2**
Share Capital at 31 December 2007, EUR million	**301.7**	**1 040.5**	**1 342.2**

The shares in issue at 19 March 2010 will represent the total shares eligible to vote at the forthcoming Annual General Meeting.

Note 21 Non-Controlling Interests

Non-controlling Interests

EUR million	2009	2008	2007
	Year Ended 31 December		
At 1 January	56.5	71.9	103.5
Translation difference	5.9	-5.5	4.6
Non-controlling interests in companies acquired less disposals	2.1	-3.3	-0.6
Buy-out of Non-controlling interests	-0.1	-1.8	-71.3
Charge / (gain) to Retained Earnings on buy-outs	-	0.7	-4.5
Partial disposal of subsidiary company	-	-	30.9
Share of profit for the year	1.5	-1.3	2.3
Dividends & capital returns	-7.7	-4.2	-1.8
Equity injections	-	-	8.8
At 31 December	**58.2**	**56.5**	**71.9**

Principal Non-controlling interests

EUR million		2009	2008	2007
		As at 31 December		
Intercell SA Group	Poland	13.8	13.3	14.2
Stora Enso Arapoti Industria de Papel S.A.	Brazil	21.4	21.3	27.3
Stora Enso Huatai Paper Co Ltd	China	11.6	12.9	15.5
Corenso United Oy Group	China	4.7	5.0	4.4
Fortek Oy	Finland	-	-	4.2
Others	-	6.7	4.0	6.3
		58.2	**56.5**	**71.9**

There were no significant buy-outs of minority shareholders in 2009 or 2008 however in 2007 there was an amount of EUR 71.3 million mainly related to Intercell S.A. Group, in Poland. Following an agreement signed in October 2008, ABB the owner of the Group's biggest Finnish non-controlling interest the 25% holding in the Fortek maintenance subsidiary took operative control of that company by purchasing a further 24% of the shares and obtaining management control. Accordingly ABB's interest in Fortek now renamed Efora Oy is no longer that of a minority but as a controlling interest whereas the Group will in future report its interest as an Associate, see Note 15 Equity Accounted Investments.

In 2007 there were two material minority buy-out transactions relating to Stora Enso Bioenergy AB in Sweden for EUR 6.2 million and Stora Enso Poland S.A. for EUR 64.3 million. The Group acquired 28% of the shares in its principal Polish subsidiary from the State of Poland thus reducing the remaining Minority holding to 5% being shares held by current and retired employees of the company. Stora Enso had originally acquired 67% of the company in December 2004.

In 2007 a partial disposal of a subsidiary also created a new non-controlling interest. In September 2007 Stora Enso reached agreement with Arauco, a leading forest products company in South America, to sell some of its recently acquired Arapoti operations thus Arauco acquired a 20% interest in the Group's Brazilian paper business Stora Enso Arapoti Industria de Papel S.A. with this interest being worth EUR 21.3 (EUR 27.3) million at the end of 2008.

Note 22 Post-Employment Benefits

The Group has established a number of pension and other benefit plans for its operations throughout the world, the cost of which amounted to EUR 195.6 (EUR 209.5) million in 2009 as shown in Note 7 Staff Costs. The majority of plans are Defined Contribution schemes the charge for which amounted to EUR 169.9 (EUR 179.7) million.

The retirement age for the management of Group companies has been agreed at between 60 and 65 years though members of the Group Executive Team have the right to retire at 60. The retirement age for other staff either follows national retirement ages or is determined by local labour agreements. In the case of the latter there may be certain pre-retirement liabilities accruing to the company to cover the income of the early retirees between the age at which they ceased working and the national retirement age.

Whereas the majority of Income Statement charges relate to Defined Contribution schemes the liability for this amounts to only EUR 1.2 (EUR 0.9) million as most of the cost is discharged at the same time as monthly salary payments are made.

Stora Enso's total defined benefit obligations to current and former members of staff amount to EUR 954.7 (EUR 887.7) million though assets of EUR 668.2 (EUR 591.7) million have been put aside in various pension schemes to cover these liabilities. Net unfunded Defined Benefit deficits are shown in full on the Statement of Financial Position and amount to EUR 286.5 million in 2009 slightly down from the previous year's liability of EUR 296.0 million. In 2007 the year-on-year liability decreased by EUR 402.6 million though EUR 293.0 million of this occurred with the divestment of the Group's North American operations and another EUR 46.6 million was due to US past service costs being credited to the Income Statement. The 2009 defined benefit expense in the Income Statement amounted to EUR 25.7 million and in equity via Other Comprehensive Income was EUR 20.4 million resulting in a total of EUR 46.1 million. In 2008 the total defined benefit expense amounted to EUR 42.5 million of which, EUR 29.8 million was recognised in the Income Statement and a further EUR 12.7 million recorded directly in equity via Other Comprehensive Income.

Actuarial Gains & Losses Recognised Directly in Equity

	Year Ended 31 December								
	Total Operations			Continuing Operations			Discontinued Operations		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Actuarial (losses) / gains	-20.4	-12.7	17.3	-20.4	-12.7	11.1	-	-	6.2
Deferred Tax thereon	4.6	-3.3	-6.3	4.6	-3.3	-4.3	-	-	-2.0
Total	**-15.8**	**-16.0**	**11.0**	**-15.8**	**-16.0**	**6.8**	**0.0**	**0.0**	**4.2**

Group policy for funding deficits is intended to satisfy local statutory funding requirements for tax deductible contributions together with adjusting to market rates the discount factors used in the actuarial calculations. However, the emphasis of the Group is to provide Defined Contribution schemes for its post-employment benefits thus all aspects of the provision and accounting for Defined Benefit schemes are being evaluated.

On the Group Statement of Financial Position the full liability for all plan deficits is recorded, as adjusted if required for any past service costs still to be amortised. The Group Statement of Financial Position fully reflects the actual surplus or deficits in its Defined Benefit Plans thereby aligning the net liability on the Statement of Financial Position. Details of the pension arrangements assets and investment policies in the Group's main operating countries are shown on the following page.

Defined Benefit Plan Summary by Country

EUR million	Finland	Germany	Sweden	Other	Total
	As at 31 December 2009				
Defined Benefit Obligations (DBO)	352.4	242.7	220.6	139.0	954.7
Fair value of plan assets	334.4	4.6	225.3	103.9	668.2
Net Liability in Defined Benefit Plans	**18.0**	**238.1**	**-4.7**	**35.1**	**286.5**

EUR million	Finland	Germany	Sweden	Other	Total
	As at 31 December 2008				
Defined Benefit Obligations (DBO)	335.6	242.3	191.8	118.0	887.7
Fair value of plan assets	326.5	4.2	180.4	80.6	591.7
Net Liability in Defined Benefit Plans	**9.1**	**238.1**	**11.4**	**37.4**	**296.0**

Finland

The Group mainly funds its Finnish pension obligations through Defined Contribution schemes the charge in the Income Statement being EUR 84.9 (EUR 96.4) million. By contrast the remaining obligations covered by Defined Benefit schemes resulted in a charge of EUR 4.3 (EUR 5.8) million. Pension cover since 2001 has been entirely arranged through local insurance companies. The total defined benefit obligation amounts to EUR 352.4 (EUR 335.6) million and the assets to EUR 334.4 (EUR 326.5) million leaving a net liability of EUR 18.0 (EUR 9.1) million. As state pensions in Finland provide by far the greatest proportion of pensions Group liabilities are proportionately much smaller than in comparable countries.

Plan assets in Finland are managed by insurance companies, details of the exact structure and investment strategy surrounding plan assets is not available to participating employers as the assets actually belong to the insurance companies themselves. The assets are managed in accordance with local statutory requirements under which they are obliged to pay guaranteed sums irrespective of market conditions.

Germany

German pension costs amounted to EUR 30.7 (EUR 36.1) million of which EUR 16.0 (EUR 21.6) million related to Defined Contribution schemes and EUR 14.7 (EUR 14.5) million to Defined Benefits. The total defined benefit obligation is EUR 242.7 (EUR 242.3) million, nearly all of which is unfunded as total assets come to only EUR 4.6 (EUR 4.2) million. Defined Benefit pension plans are mainly accounted for on Statement of Financial Position through book reserves with some minor plans using insurance companies or independent trustees. Retirement benefits are based on years worked and salaries received during the pensionable service the commencement of pension payments being coordinated with the national pension scheme retirement age. Pensions are paid directly by the companies themselves to their former employees this amounting to cash costs of EUR 19.6 (EUR 19.5) million; the security for the pensioners is given by the legal requirement that the book reserves held on Statement of Financial Position are insured up to certain limits.

Sweden

In Sweden most blue-collar workers are covered by Defined Contribution schemes, the charge in the Income Statement being EUR 53.8 (EUR 47.7) million with Defined Benefit schemes covering mainly white collar staff and costing EUR 2.6 (EUR 0.7) million. However, contributions paid during the year amounted to EUR 14.5 (EUR 11.4) million.

Cover for Defined Benefit schemes was arranged through both insurance companies and book reserves in accordance with the Swedish "PRI/FPG System" until the set up of a new pension foundation in July 2005 whereupon EUR 212.0 million was contributed to enable the Foundation to undertake its own investments and book reserves were no longer maintained. Whereas previously the Swedish pension liabilities had been unfunded and carried on the Statement of Financial Position of the individual Swedish units with the new foundation the great majority of the liability was removed from the Group Statement of Financial Position as pension obligations became funded. Total defined benefit obligations amounted to EUR 220.6 (EUR 191.8) million and assets of EUR 225.3 (EUR 180.4) million leaving a net asset of EUR 4.7 million at year end compared to a liability of EUR 11.4 million the year before. In common with Finland the greater part of Swedish pension provision comes from state pensions especially for those with Defined Contribution schemes. Stora Enso has undertaken to pay over all local legal pension liabilities for the main ITP scheme to the foundation thus the remaining liability in 2007 mainly relates to other small schemes though in the past the liability was largely accounted for by the difference in the actuarial basis between Swedish local rules and IFRS.

The long-term investment return target for the Foundation is a 3% real return after tax with investment policy defining long-term strategic allocation targets as to: property up to 10%, equity up to 30% and the balance in debt.

Other Countries

Total defined benefit obligations in the remaining countries amounted to EUR 139.0 (EUR 118.0) million and with assets amounting to EUR 103.9 (EUR 80.6) million and the net liability came to EUR 35.1 (EUR 37.4) million. Only in the UK were there material obligations being EUR 98.6 (EUR 79.5) million but with a net unfunded deficit of only EUR 10.8 (EUR 13.2) million.

Pension and Post-Employment Benefit Provisions

	As at 31 December		
EUR million	**2009**	2008	2007
Defined benefit pension plan liabilities	289.2	283.6	316.8
Other post-employment benefit liabilities	15.8	15.4	10.5
Total Liabilities	**305.0**	**299.0**	**327.3**
Defined benefit plan assets (Note 17)	18.5	3.0	5.8
Net Defined Benefit Liability	**286.5**	**296.0**	**321.5**

Statement of Financial Position Receivables & Payables

	As at 31 December								
	Net Defined Benefit Plan Liability			Defined Benefit Plan Assets			Defined Benefit Plan Liabilities		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Present value of funded obligations	686.9	645.0	792.8	207.7	178.1	233.6	479.2	466.9	559.2
Present value of unfunded obligations	267.8	242.7	296.5	-	-	-	267.8	242.7	296.5
Defined Benefit Obligations (“DBO”)	954.7	887.7	1 089.3	207.7	178.1	233.6	747.0	709.6	855.7
Fair value of plan assets	668.2	591.7	767.8	226.2	181.1	239.4	442.0	410.6	528.4
Net Funding in Defined Benefit Plans	**286.5**	**296.0**	**321.5**	**-18.5**	**-3.0**	**-5.8**	**305.0**	**299.0**	**327.3**
(Asset)/Liability	**286.5**	**296.0**	**321.5**	**-18.5**	**-3.0**	**-5.8**	**305.0**	**299.0**	**327.3**

Amounts Recognised on the Statement of Financial Position – Defined Benefit Plans

	As at 31 December								
	Total Defined Benefit Plans			Defined Benefit Pension Plans			Other Post-Employment Benefits		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Present value of funded obligations	686.9	645.0	792.8	686.9	645.0	792.5	-	-	0.3
Present value of unfunded obligations	267.8	242.7	296.5	252.0	227.3	286.1	15.8	15.4	10.4
Defined Benefit Obligations (“DBO”)	954.7	887.7	1 089.3	938.9	872.3	1 078.6	15.8	15.4	10.7
Fair value of plan assets	668.2	591.7	767.8	668.2	591.7	767.5	-	-	0.3
Net Liability in Defined Benefit Plans	**286.5**	**296.0**	**321.5**	**270.7**	**280.6**	**311.1**	**15.8**	**15.4**	**10.4**
Net Liability	**286.5**	**296.0**	**321.5**	**270.7**	**280.6**	**311.1**	**15.8**	**15.4**	**10.4**

Amounts Recognised in the Income Statement

	Year Ended 31 December								
	Total Defined Benefit Plans			Defined Benefit Pension Plans			Other Post-Employment Benefits		
EUR million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Current service cost	8.7	12.1	29.2	8.6	10.2	26.9	0.1	1.9	2.3
Interest cost	48.3	49.6	108.9	47.4	49.0	96.5	0.9	0.6	12.4
Expected return on plan assets	-31.6	-36.1	-97.3	-31.6	-36.1	-96.7	-	-	-0.6
Past service cost recognised in year	-	-	-45.2	-	-	-0.1	-	-	-45.1
Other	0.3	4.2	-2.6	-1.3	3.5	-2.6	1.6	0.7	-
Total Included in Personnel Expenses	**25.7**	**29.8**	**-7.0**	**23.1**	**26.6**	**24.0**	**2.6**	**3.2**	**-31.0**

Defined Benefit Plan Reconciliation

	As at 31 December								
	Total Defined Benefit Plans			Defined Benefit Pension Plans			Other Post-Employment Benefits		
EUR million	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Net liability at 1 January	296.0	321.5	747.4	280.6	311.1	385.5	15.4	10.4	361.9
Translation difference	1.2	5.3	-32.2	1.2	5.3	-1.5	-	-	-30.7
Acquisition & disposals	-	-22.8	-293.0	-	-22.9	-24.7	-	0.1	-268.3
Net expense in Income Statement	25.7	29.8	-7.0	23.1	26.6	24.0	2.6	3.2	-31.0
Actuarial (gains) & losses recognised in equity	20.4	12.7	-17.3	20.1	10.6	-6.7	0.3	2.1	-10.6
Contributions paid	-56.8	-45.5	-75.4	-54.3	-45.1	-64.5	-2.5	-0.4	-10.9
Settlements	-	-5.0	-1.0	-	-5.0	-1.0	-	-	-
Net Liability in the Balance Sheet	**286.5**	**296.0**	**321.5**	**270.7**	**280.6**	**311.1**	**15.8**	**15.4**	**10.4**

Defined Benefit Plans: Country Assumptions Used in Calculating Benefit Obligations

	Year Ended 31 December					
	Finland		Germany		Sweden	
EUR million	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Discount rate %	5.25	5.75	5.25	5.75	4.50	5.0
Expected return on plan assets %	4.6	5.5	4.5	4.5	6.0	5.0
Future salary increase %	3.5	4.0	2.1	2.4	2.5	3.0
Future pension increase %	2.1	2.1	1.8	2.0	2.0	2.0
Average current retirement age	63.0	64.0	65.0	65.0	64.8	63.7
Weighted average life expectancy	88.0	85.0	85.2	85.4	86.4	86.7

Return on Plan Assets by Country

	Year Ended 31 December 2009				
EUR million	**Finland**	**Germany**	**Sweden**	**Other**	**Total**
Actual return on plan assets	30.9	0.1	32.9	13.5	77.4
Estimated return used in actuarial calculations	17.1	0.2	9.3	5.0	31.6
Actuarial (Gain)/Loss for the Year Recognised in Equity	**13.8**	**-0.1**	**23.6**	**8.5**	**45.8**

	Year Ended 31 December 2008				
EUR million	**Finland**	**Germany**	**Sweden**	**Other**	**Total**
Actual return on plan assets	-5.6	-0.2	-23.6	-12.9	-41.9
Estimated return used in actuarial calculations	15.5	0.2	13.1	7.4	36.2
Actuarial Loss for the Year Recognised in Equity	**-21.1**	**0.0**	**-36.7**	**-20.3**	**-78.1**

Defined Benefit Plan Summary by Country

	As at 31 December 2009				
EUR million	**Finland**	**Germany**	**Sweden**	**Other**	**Total**
Present value of funded obligations	352.4	8.9	207.5	118.1	686.9
Present value of unfunded obligations	-	233.8	13.1	20.9	267.8
Defined Benefit Obligations ("DBO")	352.4	242.7	220.6	139.0	954.7
Fair value of plan assets	334.4	4.6	225.3	103.9	668.2
Net Liability	**18.0**	**238.1**	**-4.7**	**35.1**	**286.5**
Represented by					
Defined Benefit Pension Plans	18.0	238.1	-4.7	19.3	270.7
Other Post-Employment Benefits	-	-	-	15.8	15.8
Net Liability	**18.0**	**238.1**	**-4.7**	**35.1**	**286.5**

Defined Benefit Plan Summary by Country

	As at 31 December 2008				
EUR million	**Finland**	**Germany**	**Sweden**	**Other**	**Total**
Present value of funded obligations	335.6	33.0	178.8	97.6	645.0
Present value of unfunded obligations	-	209.3	13.0	20.4	242.7
Defined Benefit Obligations ("DBO")	335.6	242.3	191.8	118.0	887.7
Fair value of plan assets	326.5	4.2	180.4	80.6	591.7
Net Liability	**9.1**	**238.1**	**11.4**	**37.4**	**296.0**
Represented by					
Defined Benefit Pension Plans	9.1	238.1	11.4	22.0	280.6
Other Post-Employment Benefits	-	-	-	15.4	15.4
Net Liability	**9.1**	**238.1**	**11.4**	**37.4**	**296.0**

The two main financial factors affecting Group pension liabilities are changes in interest rates and inflation expectations thus the aim of asset investment allocations is to neutralise these effects and to maximise returns. The expected return on plan assets was determined by considering the long-term expected returns available on the assets underlying current investment policies in Group pension foundations and trusts. The assumptions reflect a combination of historical performance analysis and the forward looking views of financial markets as revealed through the yield on long-term bonds and price earnings ratios of the major stock indices.

Plan Assets

	As at 31 December					
	2009		2008		2007	
EUR million	**Value**	**%**	**Value**	**%**	**Value**	**%**
Equity	173.3	25.9	165.3	27.9	318.3	41.5
Debt	236.2	35.4	239.4	40.9	243.1	31.7
Equity accounted investment debt	98.2	14.7	96.9	15.9	94.4	12.2
Cash	45.3	6.8	24.8	4.2	48.1	6.3
Others	115.2	17.2	65.3	11.1	63.9	8.3
Total Pension Fund Assets	**668.2**	**100.0**	**591.7**	**100.0**	**767.8**	**100.0**

Plan assets do not include any real estate or other assets occupied by the Group or the Company's own financial instruments. The breakdown of Finnish pension assets EUR 326.5 (EUR 364.3) million is not disclosed separately as actual asset allocations can only be estimated based on known target values published by the insurance companies concerned.

In 2010 contributions of EUR 60.0 million are expected to be paid representing normal payments for Continuing Operations of the Group. In 2009 contributions of EUR 56.8 (EUR 45.5) million were paid of which EUR 56.8 (EUR 44.9) million related to Continuing Operations.

Note 23 Employee Bonus and Equity Incentive Schemes

The majority of production employees are members of labour unions with which either the Group or the forest industry customarily negotiate collective bargaining agreements in Europe. Salaries for senior management are negotiated individually. Stora Enso has incentive plans that take into account the performance, development and results of both business units and individual employees. This performance-based bonus system is based on profitability as well as on attaining key business targets.

Short Term Incentive (STI) programmes

Group Executives, Business Area and Business Unit management have STI programmes in which the payment is calculated as a percentage of annual base salary with a maximum level ranging from 7% to 50%. Non-management employees participate in a STI programme with a maximum incentive level of 7%. All incentives are discretionary. The Group has maintained participation in these performance-based programmes and has expanded these to cover 75% to 80% of employees globally where allowed by local practice and regulations. For 2009 the annual incentive programmes were based on financial targets only (Free Cash Flow).

Long Term Incentive (LTI) programmes

In 2004 the Board approved the implementation of two new share-based programmes (Restrictive and Performance Share Programmes) to complement and partially replace the existing option programme. These new programmes were targeted at 200 key managers and staff in the Group and replaced 50% of the existing option programme for these employees; subsequently the number of options issued under the share option programme was reduced such that share plans have now replaced the option programme. Between 2005–2009 new share based programmes were launched each year. From 2009 new long term incentive programmes are performance share programmes only. The Performance Share Plan will deliver awards over a three-year period. The performance target is set annually by the Remuneration Committee and for 2009 was based on reaching target levels for the Group Free Cash Flow before any shares are awarded. The Board also approved an annual allocation of shares under the Performance Share Plan to a maximum of 100 early career talents.

Option programmes for management (1999 to 2007)

The Group has an option programme, however the last options granted under this programme were granted in 2007 and there is currently no intention to issue any in the future. The programmes from previous years were intended to contribute to the long-term commitment of managerial and specialist personnel and covered some 1 000 staff. The seven-year programmes consist of financially hedged options and synthetic options with strike prices set at levels representing current market prices at issue plus 10% premiums. The synthetic options are hedged by TRS which are settled with cash payments allowing the company to receive cash compensation to partially offset any change in the share price between the grant and settlement dates. Depending on local circumstances option holders have the choice to receive either a payment in cash representing the difference between the strike price and the share price at the time of exercise or an option to purchase existing R shares. If an employee chooses the option to purchase existing R shares, the Company first purchases in the market the relevant number of R shares and then transfers them to the employee thus avoiding any dilution in the number of shares in issue. Options are not transferable and expire if the employee leaves the Group. During the year no options were exercised as the share price remained below the relevant strike prices. 4 017 000 options from the 2002 scheme lapsed and 2 311 100 options from the 2003 scheme lapsed on 6 February 2010.

Option/Synthetic Option Programmes in 2009

Option Programme	Year of Issue	Strike Price Base Period	Strike Price	Number of Staff	Number of Options Issued	Number of Options Cancelled [2]	Number of Options Exercised	Number of Options Out-standing	Exercise Period
2007 Synthetic	2007	8 Feb 14 Feb	EUR 14.00	731	1 406 596	312 000	n/a	1 094 496	1 Mar 2010 28 Feb 2014
2006 Synthetic	2006	3 Feb 10 Feb	EUR 12.46/13.32[1]	744	2 161 000	538 125	n/a	1 622 875	1 Mar 2009 28 Feb 2013
2005 Synthetic	2005	4 Feb 11 Feb	EUR 12.20	1 024	3 075 125	852 875	n/a	2 222 250	1 Mar 2008 29 Feb 2012
2004 Synthetic	2004	5 Feb 12 Feb	EUR 11.15	1 033	4 682 800	1 119 800	995 200	2 567 800	1 Mar 2007 28 Feb 2011
2003 Synthetic	2003	31 Jan 7 Feb	EUR 10.00	1 016	6 069 150	1 113 500	2 526 800	2 428 850	7 Feb 2006 6 Feb 2010
2002 Synthetic	2002	31 Jan 7 Feb	EUR 16.50	957	5 902 000	1 885 000	-	4 017 000	8 Feb 2005 7 Feb 2009

1) Strike price of options granted to new CEO upon his appointment.
2) Includes options associated with divestment of SENA.

The cost of the Stora Enso Synthetic Option and Share-based Programmes are recognised as a cost over the vesting period, being the period between grant and right to exercise or award. However the fall in the share price in recent years has resulted in a significant decrease in the related liability from EUR 26.7 million at 31 December 2007 to EUR 9.0 million at 31 December 2009 which is recorded in Non-current Operative Liabilities.

The fair value of employee services received in exchange for cash settled synthetic options and share awards is recognised at the fair value of the liability incurred and expensed rateably over the vesting period. The synthetic option liability is remeasured at each reporting date to its fair value using estimates of the number of options that are expected to become exercisable and the latest fair valuations using the Black-Scholes model, with all changes recognised in the Income Statement. The liability for share awards is also remeasured at each reporting date to its fair value using estimates of the number of share awards that are expected to be issued and the latest fair valuations by using the Stora Enso R share closing price EUR 4.88 (EUR 5.52) with all changes recognised in the Income Statement.

As at the year end 9 480 946 (13 953 271) synthetic options were outstanding of which 9 480 946 (11 235 900) options were exercisable. The strike price for the outstanding options was within the range of EUR 10.00 to EUR 14.00, with the weighted average strike price being EUR 11.67 (EUR 13.04) and a weighted average remaining contractual right of 1.8 (2.1) years. No options have been granted since 2007.

The fair values of the restricted and performance share awards have been calculated using year-end closing prices of Stora Enso R shares; the outstanding restricted share awards are shown below.

Share Awards at 31 December 2009

	Projected Delivery of Outstanding Restricted and Performance Share Awards at Year End				
Number of shares	**2010**	**2011**	**2012**	**2013**	**Total**
2006 programme	-	245 000	-	-	245 000
2007 programme	83 889	-	-	-	83 889
2008 programme	106 363	106 363	-	90 000	302 726
2009 programme	655 238	491 429	491 429	-	1 638 096
Total	**845 490**	**842 792**	**491 429**	**90 000**	**2 269 711**

The fair valuation and vesting impact of share-based programmes on continuing operations amounted to a gain of EUR 0.9 (EUR 16.8) million due to the drop in the share price. Synthetic options accounted for EUR 3.3 (EUR 9.1) million of the gain with an expense of EUR 4.6 (gain EUR 7.7) million coming from the restricted and performance share awards. The year-end liability of EUR 9.0 (EUR 9.9) million is shown in Non-current Operative Liabilities of which EUR 2.4 (EUR 5.7) million relates to synthetic options and EUR 6.6 (EUR 4.2) million to the restricted and performance share awards. No options were cashed in 2009 or 2008 though in 2007 the weighted average exercise price was EUR 11.46. The actual cash cost for synthetic options totalled to EUR 0.0 (EUR 0.0) million with EUR 1.4 (EUR 3.4) million for the restricted share awards.

Stora Enso utilises TRS to partially hedge exposures to changes in the share price of synthetic options granted under the Option Programmes for Management which are settled with cash payments. While these TRS instruments allow the Group to partially stabilise future cash flows related to the settlement of outstanding synthetic options, the Group pays for them as and when exercised and therefore they contain certain market risks such as when the Company's share price is below the option strike price. For this reason the movements on TRS and the option liability do not match on a year to year basis, Group TRS instruments do not qualify for hedge accounting and therefore periodic changes to their fair value are recorded in the Income Statement in operative costs alongside the share-based programme costs to which they relate.

At the year end there were TRS instruments outstanding covering 18 481 266 (17 550 000) underlying Stora Enso Oyj R shares recorded at a net fair value liability of EUR 14.1 (EUR 53.1) million. The settlement periods of the TRS instruments match the life of the associated synthetic options that mature between 2009 and 2014 and allow for earlier settlement at the Group's election. The decrease in liability from EUR 53.1 million to EUR 14.1 million is due to a cash settlement of EUR 62.9 million and a fair value decrease of EUR 23.9 million due to the decrease in share price from EUR 5.52 at 31 December 2008 to EUR 4.88 at 31 December 2009. A 10% increase in the share price of Ordinary R Shares would result in a gain in the net fair value of the TRS instruments of EUR 9.0 million based on a closing share price at the year end of EUR 4.88 (EUR 5.52) on the NASDAQ OMX Helsinki.

Note 24 Other Provisions

Other Provisions

EUR million	Environmental	Restructuring	Other Obligatory	Total Provisions
Carrying Value at 1 January 2008	**67.4**	**262.2**	**3.6**	**333.2**
Translation difference	-8.8	-10.2	-0.2	-19.3
Companies disposed	-	-2.6	-	-2.6
Charge in Income Statement: Continuing Operations				
New provisions	15.6	228.2	1.1	244.9
Increase in existing provisions	18.9	7.8	-	26.7
Reversal of existing provisions	-9.7	-24.3	-0.3	-34.3
Charge in Income Statement: Discontinued Operations	-	1.4	-	1.4
Payments	-2.9	-158.2	-1.6	-162.7
Carrying Value at 31 December 2008	**80.5**	**304.3**	**2.6**	**387.4**
Translation difference	3.7	3.4	0.2	7.3
Reclassification	54.8	-54.8	-	-
Acquisitions	7.0	-	-	7.0
Companies disposed	-	-0.1	-1.4	-1.5
Charge in Income Statement: Continuing Operations				
New provisions	1.0	55.3	1.4	57.7
Increase in existing provisions	2.1	4.4	7.6	14.1
Reversal of existing provisions	-0.5	-19.7	-6.8	-27.0
Payments	-3.6	-139.9	0.4	-143.1
Carrying Value at 31 December 2009	**145.0**	**152.9**	**4.0**	**301.9**
Allocation between Current and Non-current Liabilities				
Current Liabilities : Payable within 12 months	6.4	114.8	0.3	121.5
Non-current Liabilities : Payable after 12 months	138.6	38.1	3.7	180.4
Total at 31 December 2009	**145.0**	**152.9**	**4.0**	**301.9**
Current Liabilities : Payable within 12 months	2.1	182.6	0.4	185.1
Non-current Liabilities : Payable after 12 months	78.4	121.7	2.2	202.3
Total at 31 December 2008	**80.5**	**304.3**	**2.6**	**387.4**

Environmental remediation

Provision for environmental remediation amounted to EUR 145.0 million at 31 December 2009, an increase of EUR 64.5 million compared to the 31 December 2008, however EUR 54.8 million relates to a reclassification of provisions previously recorded under restructuring provisions. New provisions for the year amounted to EUR 8.0 million of which EUR 7.0 million arose upon the acquisition of Sunila Oy as described in Note 4 Acquisitions and Disposals. The acquisition accounting for the Sunila Oy transaction is provisional therefore the fair value of the environmental liability of EUR 7.0 is provisional. Details of the principal provisions are:

- Following an agreement between Stora Enso and the City of Falun the Group is obliged to purify runoff from the Kopparberg mine before releasing the water into the environment; the year end the provision amounted to EUR 25.2 (EUR 24.8) million.
- Stora Enso Pulp AB has been removing mercury from the harbour basin at Skutskär for a number of years in co-operation with local authorities. In addition, the company is obliged to upgrade an old land-fill previously used by the mill in order to comply with revised environmental regulations. At the year end Stora Enso Pulp AB had environmental provisions of EUR 21.1 (EUR 13.2) million. The increase being related to environmental provisions previously recorded as restructuring in respect to Norrsundet Pulp mill which was closed in 2008. The related provision of EUR 7.1 million has been established for the remediation of a land fill.
- The site adjacent to Skoghall Mill contains ground pollutants that must be removed. Additional costs of EUR 0.8 million were expensed in 2009 and the provision at year end amounts to EUR 17.1 (EUR 15.5) million.
- There are a further six cases in Finland where the total provision now amounts to EUR 25.2 (EUR 18.9) million; the largest relates to the fair valuation of environmental provisions upon the acquisition of Sunila Oy which is still provisional. A new provision of EUR 1.0 million was established in relation to the closure of Tolkkinen Sawmill covering potential soil contamination. Other provisions include those established in relation to pollution in the vicinity of Pateniemi Sawmill being EUR 4.9 (EUR 5.0) million; there are also two provisions relating to the sites of closed mills, relating to the wastewater treatment facility at the former Kemijärvi Mill of EUR 5.2 (EUR 5.6) million and another EUR 4.3 (EUR 4.4) million provision at the year end for the site of the former Summa Mill.

- EUR 47.3 million of environmental provisions relating to the closure of Baienfurt Mill have been reclassed from restructuring provisions to environmental provisions. This provision relates to the decontamination of soil and also for the remediation of a land fill.

Restructuring provisions

As discussed above, EUR 54.8 million of provisions relating to environmental remediation costs have been reclassified to environmental provisions.

The Group has undergone major restructuring during the last number of years from divestments to mill closures and in April 2009, the Group announced the Next Step programme, the aim of which is to make Stora Enso a simpler, fast reacting and more focused Group with annual savings of EUR 250 million. The savings will be obtained by reducing top and middle management and by downscaling staff functions and country organisations by one third. Total restructuring expense recorded in respect of the Next Step programme in 2009 amounted to EUR 47.2 million mainly related to redundancy costs. The net change in existing provisions resulted in a reversal of EUR 15.3 million mainly related to the reversal of the decision to close the board machine BM1 at Imatra Mills. The total cash payments made during the year in respect of established restructuring provisions amounted to EUR 139.9 million.

The Group announced some capacity reductions in 2009 with the announced capacity reductions of sawn wood at Kitee and Varkaus Sawmills, closure of Tolkkinen Sawmill and reduction of uncoated fine paper through the closure of paper machine PM 8 at Imatra Mills. However the major asset restructuring were announced in prior years. In September 2008 Stora Enso announced the results of its strategic review for the year which included plans for the closure of machines with an annual capacity of 600 000 tonnes of paper and board and 170 000 cubic metres of sawn goods along with plans for significant reductions in the Russian wood sourcing organisation. Closures were announced for Baienfurt Mill in Germany and two Estonian sawmills as well as machine closures at Kabel Mill also in Germany and at Imatra and Varkaus in Finland. The review also resulted in the outsourcing of maintenance services at many of the Finnish mills to Efora Oy, a company jointly owned with ABB whereby some 1 450 Stora Enso employees transferred to the new venture.

In October 2007 the Group announced that it intended to cut annual capacity by some 505 000 tonnes of paper and 550 000 tonnes of pulp, reduce staffing by some 1 700 and bring fibre supply and demand into balance in Finland. This entailed the permanent closure of the Summa Paper Mill, one magazine paper machine at Anjala Mill and the Kemijärvi Pulp Mill. In addition, the Norrsundet Pulp Mill in Sweden was also closed in December 2008 and smaller restructurings carried out elsewhere.

The liability at the end of 2009 for restructuring provisions amounted to EUR 152.9 million and covered the costs of closing down operations, demolition, clearance and redundancy costs in reducing staff numbers. At 31 December 2008 the provision included site restoration costs of approximately EUR 55 million which has been reclassified to environmental provisions.

Details of all company disposals are given in Note 4 Acquisitions and Disposals, details of fixed asset impairments relating to restructuring provisions are shown in Note 12 Depreciation and Fixed Asset Impairment Charges and details of restructuring provisions are shown below.

Restructuring Provisions by Segment

	Year Ended 31 December			As at 31 December		
	Income Statement			Statement of Financial Position		
EUR million	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Newsprint and Book Paper	5.1	11.6	17.8	8.1	18.2	18.8
Magazine Paper	-0.1	40.2	85.6	39.8	109.6	147.6
Fine Paper	5.8	-8.3	-9.6	11.7	6.8	53.6
Consumer Board	3.3	127.8	3.8	45.3	128.6	6.8
Industrial Packaging	4.1	5.3	-0.1	6.0	6.0	1.3
Wood Products	2.2	3.1	-0.3	3.9	3.5	0.7
Other	19.6	32.0	29.2	38.1	31.6	31.3
Total: Continuing Operations	**40.0**	**211.7**	**126.4**	**152.9**	**304.3**	**260.1**
Discontinued Operations	-	1.4	5.8	-	-	2.1
Total Operations	**40.0**	**213.1**	**132.2**	**152.9**	**304.3**	**262.2**

Details of the mills affected are described below.

Baienfurt Mill

Baienfurt Mill in southern Germany used to produce 190 000 tonnes of folding boxboard with a normal annual turnover of some EUR 180 million but was closed in December 2008 due to persistent profitability problems caused by European overcapacity in folding boxboard, the strength of the Euro and cost increases especially for wood and energy. The mill's customers will continue to be served by Consumer Board mills in Finland and Sweden, which produce similar board products and the sheeting plant at the mill will remain in operation in order to service local customers on behalf of these supplying mills. Some 350 employees were affected and the restructuring provision at year end amounted to EUR 31.5 million.

Kabel Mill

In December 2008 Stora Enso permanently shut down paper machine PM 3 at Kabel in Germany, formerly with an annual capacity 140 000 tonnes of coated magazine paper, due to profitability problems caused by overcapacity in Europe. The shut-down affected about 170 employees with redundancy and other staff-related costs accounting for the majority of the restructuring costs of EUR 32.3 million of which EUR 9.0 million was outstanding at the reporting date.

Imatra and Karhula Mills

The co-determination negotiations at Imatra Mills were concluded in November 2008 and as result Stora Enso decided to permanently shut down Consumer Board's machine BM 1 at Imatra with annual capacity 170 000 tonnes by the end of 2009. During 2009, the Group reversed this decision and BM 1 will continue in operation. It was announced in 2008 that the Polymer coating machine 2 at Imatra will be shut down in May 2009 and the coating machine at Karhula by the end of 2010 however this plan is postponed until such time as the replacement capacity at Imatra Mills is operational.

In August 2009, the Group announced the planned closure of paper machine PM 8 at Imatra Mills which will reduce uncoated fine paper capacity by 210 000 tonnes. Approximately 140 employees will be affected by the closure which is planned for the first half of 2010.

The provision at 31 December 2009 amounted to EUR 5.0 million in relation to Fine Paper segment and EUR 5.1 million relating to the Consumer Board segment.

Varkaus Mill

Corenso's coreboard machine at Varkaus Mill, part of Industrial Packaging with an annual capacity of 100 000 tonnes was closed in December 2008 with 136 employees affected and a provision was expensed of EUR 4.2 million in 2008, of which EUR 2.0 million was outstanding at 31 December 2009.

Kemijärvi Pulp Mill

Kemijärvi Pulp Mill, which employed 214, in northern Finland permanently closed in April 2008 and at the end of the year 2009 the restructuring provision amounted to EUR 7.6 million.

Anjala Mill

Paper Machine PM 1 at Anjala Mill with an annual capacity 120 000 tonnes of book paper and a turnover of some EUR 80 million was permanently shut down in November 2008 with 170 job losses. At the end of the year 2009 the restructuring provision amounted to EUR 4.6 million.

Norrsundet Pulp Mill

Norrsundet Pulp Mill in Sweden was permanently closed in December 2008 with 317 job losses. At the end of the year 2009 EUR 13.5 million of the provision remained.

Note 25 Operative Liabilities

Non-current Operative Liabilities

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Accruals	24.7	10.1	12.4
Share-based payments (Note 23)	9.0	9.9	26.7
Other payables	9.4	8.5	13.6
Total	**43.1**	**28.5**	**52.7**

Current Operative Liabilities

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Advances received	7.4	5.8	7.0
Trade payables	798.5	579.6	803.4
Other payables	117.7	122.5	220.6
Payroll and staff-related accruals	212.6	206.3	257.6
TRS Hedges	14.1	57.4	36.0
Accrued liabilities and deferred income	201.2	445.4	449.4
Current portion of provisions	121.5	185.1	197.3
Total	**1 473.0**	**1 602.1**	**1 971.3**

Trade payables and payroll accruals amounting to EUR 1 011.1 (EUR 785.9) million are classified as financial instruments according to IAS39.

Note 26 Financial Risk Management

Risk management principles and process

Stora Enso is exposed to a number of financial market risks that the Group is responsible for managing under policies approved by the Financial and Audit Committee of the Board of Directors. The overall objective is to have cost-effective funding in Group companies as well as to manage financial risks in order to decrease earnings volatility with the use of financial instruments. The main exposures for the Group are interest rate risk, currency risk, funding risk and commodity price risk, especially for fibre and energy.

The Stora Enso Group Financial Risk Policy governs all financial transactions in Stora Enso. This policy and any future amendments take effect when approved by the Finance and Audit Committee of the Board of Directors and all policies covering the use of financial instruments must comply. Stora Enso Treasury Internal Risk Policy refines the guidance into more detailed instructions which becomes effective when the Group Treasurer has signed it and the front office personnel co-sign to ensure that they are aware of any changes. The major financial market risks are detailed below.

Interest rate risk

Fluctuations in interest rates affect the interest expense of the Group. As a result of the cyclical nature of the economy, the Group has an interest rate risk policy to synchronise interest costs with earnings over the business cycle by swapping long-term fixed interest rates to short-term floating interest rates. The Group's duration benchmark is 12 months, though the Treasury has a deviation mandate of between 3 and 24 months. However, the duration can be extended to 48 months with approval from the CFO.

As of 31 December 2009, a one percentage point parallel change up or down in interest rates impacts annual net interest expenses by EUR 17 (EUR 16) million, assuming that the duration and the funding structure of the Group stays constant during the year. This simulation calculates the interest effect of a 100 basis point parallel shift in interest rates on all floating rate instruments from their next reset date to the end of the year. In addition, all short-term loans maturing during the year are assumed to be rolled over, thus being artificially prolonged from maturity to the year end using the new higher interest rate. The total Group floating rate interest-bearing net liability position, excluding cash and cash equivalents but including floating legs of interest rate swaps, were some EUR 2.4 (EUR 2.2) billion, the average interest reset period being some 3.6 (4.0) months. The average interest reset period for Group net interest-bearing liabilities, including all interest rate derivatives but excluding cash and cash equivalents, was some 1.9 (1.6) years. A one percentage point parallel change up or down in interest rates would also result in fair valuation losses or gains of some EUR 2.0 (EUR 1.0) million, presented under Other Financial Items, coming mainly from interest rate swaps not qualifying for fair value hedge accounting. Note 29 Financial Instruments summarises the nominal and fair values of the outstanding interest rate derivative contracts.

Currency transaction risk

The Group is exposed to currency risk arising from exchange rate fluctuations against its reporting currency, the Euro. Currency transaction risk is the impact of exchange rate fluctuations on the Group Income Statement which is the effect of currency rates on expected future cash flows. The Group policy for this is to hedge 50% of the forecasted major currency cash flows. The geographical location of Stora Enso's production facilities, the sourcing of raw material and sales outside the Euro area comprise the principal foreign exchange transaction exposure, mainly denominated in Swedish krona, US dollar and British pound sterling. The table below shows the net operating cash flow by currency in 2009 and the transaction hedges in place as at 31 December 2009.

Transaction Risk and Hedges in Main Currencies

	Year Ended 31 December 2009					
EUR million	**EUR**	**USD**	**GBP**	**SEK**	**Other**	**Total**
Sales in 2009	5 590	740	600	1 070	950	8 950
Costs in 2009	-5 040	-410	-100	-1 860	-1 110	-8 520
Net Operating Cash Flow	**550**	**330**	**500**	**-790**	**-160**	**430**
Estimated annual net operating cash flow exposure		**750**	**500**	**-1 000**		
Transaction hedges as at 31 December 2009		-390	-240	620		
Hedging percentage as at 31 December 2009 for the next 12 months		52%	48%	62%		

The table below shows the direct effect on annual EBITDA of a 10% change in the Euro and Swedish krona value against the US dollar and British pound; the calculation is made net of currency cash flow hedges and assumes that no changes other than a single currency exchange rate movement takes place. In addition, as Swedish mills have substantial sales invoiced in Euros, the annual average impact of +/- 5% change in SEK/EUR rates has been evaluated as well. Indirect currency effects, such as a product becoming cheaper to produce elsewhere, have an impact on prices and product flows, but have not been considered in this computation. The calculations are based on realised flows from continuing operations in 2008 and 2009, hedging levels at the year end and the assumption that the currency cash flow hedging levels and structures would have stayed constant during the year. Hedging instruments used were foreign exchange forward contracts and foreign exchange options.

Annual EBITDA: Currency Effects of a +/- 5% to 10% Movement

	As at 31 December 2009			As at 31 December 2008		
EUR million	**Before Hedges**	**Hedges**	**Net Impact**	**Before Hedges**	**Hedges**	**Net Impact**
10% change in the EUR/USD rate	-/+ 30–40	+/- 20–25	-/+ 15–25	-/+ 50–60	+/- 20–25	-/+ 25–35
10% change in the EUR/GBP rate	-/+ 30–35	+/- 10–15	-/+ 10–25	-/+ 35–45	+/- 15–20	-/+ 25–35
10% change in the SEK/USD rate	-/+ 25–30	+/- 10–15	-/+ 15–20	-/+ 30–35	+/- 10–15	-/+ 20–25
10% change in the SEK/GBP rate	-/+ 20–25	+/- 10–15	-/+ 10–15	-/+ 25–30	+/- 15–20	-/+ 10–15
5% change in the SEK/EUR rate	-/+ 45–50	+/- 30–35	-/+ 15–20	-/+ 35–40	+/- 20–25	-/+ 15–20

If the Euro and Swedish krona would move by 10% against the US dollar and British pound, with all other variables held constant, EBITDA for the year would change by some EUR 13 (EUR 16) million, mainly as a result of foreign exchange gains and losses on the one-time retranslation of US dollar-denominated trade receivables. In 2009 the Euro appreciated against the US dollar 4%, Japanese yen 6% and the Russian rouble 5%, but at the same time weakened against the Swedish krona 6%, British pound 7% and Brazilian real 23%. In 2008 both the Euro and the Swedish krona appreciated materially against the British pound, but at the same time weakened against the US dollar. The currency breakdown of short-term operative receivables has been shown in Note 19 Receivables.

The majority of derivatives hedging forecast foreign currency sales and costs qualify for hedge accounting and therefore their fair value changes are presented in Shareholder's Equity under OCI: Hedging Reserve. It is estimated that if the Euro and Swedish krona would move by 10% against the US dollar and British pound, with all other variables held constant, such as the time-value of the option hedges and the interest rate component of the forward contracts, then the OCI Hedging Reserve, before taxes, at the year end would have been some EUR 65 (EUR 74) million different as a result of a one-time revaluation of outstanding cash flow hedge accounted currency derivatives, EUR 40 (EUR 41) million coming from US dollar hedges and EUR 25 (EUR 33) million coming from British pound hedges. The corresponding nominal hedging levels in currencies were USD 579 (USD 614) million and GBP 223 (GBP 284) million.

Currency translation risk

Translation risk is the danger that fluctuations in exchange rates will affect the value of Stora Enso's net foreign currency denominated assets and liabilities. Translation risk should be reduced by funding assets, whenever economically possible, in the same currency as the asset.

The Statements of Financial Position of foreign subsidiaries, equity accounted investments and foreign currency denominated available-for-sale investments are translated into Euros using exchange rates prevailing at the reporting date, thus exposing consolidated Group equity to fluctuations in currency rates. The resulting translation differences, along with other movements such as the translation rate difference on the Income Statement, are recorded directly in Shareholders' Equity, though these cumulative differences materialise through the Income Statement on the disposal, in whole or in part, of the foreign entity. The next table shows the translation exposure on equity before and after hedges.

Translation Risk and Hedges

EUR million	Euro	USD[2]	Sweden	Czech Republic	Poland	Brazil	Other	Total
	As at 31 December 2009							
Capital employed, excluding equity accounted investments	3 687	18	1 513	115	203	184	575	6 295
Equity accounted investments	183	280	424	-	-	594	-	1 481
Net interest-bearing liabilities	-1 338	-13	-926	33	63	8	-421	-2 594
Non-controlling interests	-4	-	-2	-	-14	-21	-17	-58
Translation Exposure on Equity	**2 528**	**285**	**1 009**	**148**	**252**	**765**	**137**	**5 124**
EUR/PLN[1]	113	-	-	-	-113	-	-	-
EUR/CZK[1]	67	-	-	-67	-	-	-	-
Translation Exposure after Hedges	**2 708**	**285**	**1 009**	**81**	**139**	**765**	**137**	**5 124**

1) Foreign exchange forward contracts classified as hedges of investments in foreign assets.
2) Includes the equity accounted investment Montes del Plata in Uruguay whose functional currency is USD.

The table below shows the effect on consolidated equity of a +/- 5% to 10% change in the value of the Euro against the US dollar, Swedish krona and Brazilian real at 31 December. The calculation includes the effects of currency hedges of net investments in foreign entities and assumes that no changes occur other than a single currency exchange rate movement on 31 December each year. The exposures used in the calculations are the foreign currency denominated equity and the hedging levels at 31 December, with the hedging instruments being foreign currency forward contracts, currency options and foreign currency denominated borrowings. Full details of actual CTA movements and hedging results are given in Note 30 Cumulative Translation Adjustment and Equity Hedging.

Consolidated Equity: Currency Effects Before Tax of a +/- 5% to 10% Movement

EUR million	As at 31 December 2009			As at 31 December 2008		
	Before Hedges	**Hedges**	**Net Impact**	**Before Hedges**	**Hedges**	**Net Impact**
5% change in the EUR/SEK rate	50	-	50	37	-	37
10% change in the EUR/USD rate*	29	-	29	31	38	-7
10% change in the EUR/BRL rate	77	-	77	61	-	61
Total Effect from Above	**156**	**0**	**156**	**129**	**38**	**91**

*The hedging level was appropriate during 2008, however at the year end the fair value of NewPage securities decreased significantly, thus hedging levels were adjusted in 2009.

Liquidity and refinancing risk

Funding risk arises from the difficulty of obtaining finance for operations at a given point in time. Stora Enso's funding policy states that the average maturity of outstanding loans and committed credit facilities covering short-term borrowings should be at least four years and not more than seven years. The policy further states that the Group must have committed credit facilities to cover planned funding needs, the current portion of long-term debt, commercial paper borrowings and other uncommitted short-term loans.

Refinancing risk, being that maturing debt could not be refinanced in the market, is mitigated by Stora Enso's target of maintaining an even maturity profile of outstanding debt. Additionally, in order to secure access to funding, the Group target is to have two investment grade credit ratings. The following table summarises the repayment schedule of long-term debt.

Repayment Schedule of Long-term Debt

EUR million	As at 31 December 2010	2011	2012	2013	2014	2015+	Total
Bond loans	529.2	352.4	-	-	711.7	1 150.8	2 744.1
Loans from credit institutions	269.8	168.0	106.4	37.4	39.6	81.6	702.8
Financial lease liabilities	9.8	3.6	3.7	18.2	4.3	31.7	71.3
Other long-term liabilities	10.1	65.3	26.5	26.4	25.2	100.5	254.0
Fair value of derivatives hedging debt	-4.1	-20.9	-3.2	-	-32.9	2.1	-59.0
Total Long-term Debt	**814.8**	**568.4**	**133.4**	**82.0**	**747.9**	**1 366.7**	**3 713.2**
Current Liabilities: Repayable within the next 12 months							**814.8**
Non-current Liabilities: Repayable after 12 months							**2 898.4**

The table below shows Group contractual undiscounted financial liabilities, to be settled on a net cash basis, classified under principal headings based on the remaining period to contractual maturity at the reporting date. Forward rates have been used when the contractual finance charges were estimated.

Contractual Maturity Repayments of Interest-bearing Liabilities, Settlement Net

EUR million	1 Year	2 Years	3 Years	4 Years	5 Years	5 Years+
Non-current debt, carrying amounts	814.8	568.8	133.4	82.0	747.9	1 366.7
Less FV adjustments to carrying amounts	-1.0	-7.6	0.2	-	-6.5	-49.5
Estimated contractual finance charges	148.2	133.0	132.3	131.7	122.2	494.2
Contractual repayments on Non-Current Debt	**962.0**	**693.8**	**265.9**	**213.7**	**863.6**	**1 811.4**
Current Interest-bearing liabilities, carrying amounts	33.0	-	-	-	-	-
Contractual finance charges	0.2	-	-	-	-	-
Bank overdrafts	13.4	-	-	-	-	-
Total Contractual Repayments at 31 December 2009	**1 008.6**	**693.8**	**265.9**	**213.7**	**863.6**	**1 811.4**
Total Contractual Repayments at 31 December 2008	**794.4**	**938.7**	**498.5**	**230.9**	**213.6**	**1 951.1**
Total Contractual Repayments at 31 December 2007	**1 137.1**	**783.1**	**853.3**	**517.1**	**178.4**	**2 041.6**

Financial transactions counterparty credit risk

Financial counterparty risk is Stora Enso's exposure on financial contracts arising from a deterioration in the counterparties' financial health. This risk is minimised by:

- Entering into transactions only with leading financial institutions and with industrial companies that have a high credit rating.
- Investing in liquid cash funds only with financially secure institutions or companies.
- Requiring parent company guarantees when dealing with any subsidiary of a rated company.

Ratings for external counterparties should be above or equal to A- for banks and BBB for industrial companies dealing in commodities, and ISDA/FEMA or equivalents are signed with the counterparty. Any other counterparty not meeting the requirements presented above has to be approved by the CEO.

The following table shows the balance of major counterparties at the reporting date using the Standard and Poor's credit rating symbols.

External Counterparty Exposure

	As at 31 December		
EUR million	Rating	2009	2008
Company A	A	58.9	116.7
Company B	AA-	67.8	-
Company C	A	31.7	31.8
Company D	AA-	14.4	-
Company E	A	7.2	6.6
Company F	AA	5.8	8.1
Company G	A+	-	9.1
Company H	A+	-	8.4

Raw material and energy price risk

Group earnings are exposed to commodity and energy price volatility. Financial energy hedges are part of the total energy price risk management in the Group, whilst commodity risks are measured and hedged if economically possible. A 10% movement in energy and raw material prices would result in a EUR 37.3 (EUR 51.3) million change in the fair value of energy and raw material hedging contracts. The majority of these fair value changes, after taxes, are recorded directly in Equity under Hedging Reserves, until the contracts mature and the result is entered in the Income Statement. These estimates represent only the sensitivity of the financial instruments to market risk and not the Group exposure to raw material and energy price risks as a whole, since the actual purchases are not financial instruments within the scope of the IFRS 7 disclosure requirements. The maturity of the energy and commodity contracts is between one month and five years, as compared to between one month and four years in 2008.

The greater part of Group energy price risk has been covered by entering into long-term physical fixed price purchase agreements, as detailed in Note 31 Commitments and Contingencies, Purchase Agreement Commitments. The Group also has a 14.8% holding in PVO, a privately owned group of companies in the energy sector which produces electricity and heat for its shareholders in Finland. Whilst the price of electricity adversely affects Group profitability and thus the carrying value of Finnish mills, it has the opposite effect on the value of this Group shareholding as discussed in Note 16 Available-for-Sale Investments.

In addition, in an effort to mitigate the other commodity risk exposures, the Group has major associate and joint venture interests in forest companies in Finland, Sweden and Brazil, thus if prices increase for fibre in these three countries, so do the results from these Group interests.

Share price risk

Stora Enso utilises TRS to partially hedge exposures to changes in the share price of synthetic options granted under the Option Programmes for Management (see Notes 7 Staff Costs and 23 Employee Bonus and Equity Incentive Schemes), which are settled with cash payments. While these TRS instruments allow the Group to partially stabilise future cash flows related to the settlement of outstanding synthetic options, they result in certain market risks relating to Group share price developments. Group TRS instruments do not qualify for hedge accounting, and periodic changes to their fair value are recorded in the Income Statement.

As of 31 December 2009 there were TRS instruments outstanding covering 18 481 266 (17 550 000) underlying Stora Enso Oyj R shares recorded at a net fair value liability of EUR 14.1 (EUR 57.4) million, as disclosed in Note 29 Financial Instruments. The settlement periods of the TRS instruments match the life of the associated synthetic options, mature between 2010 and 2014 and allow for earlier settlement at the Group's election. A 10% increase in the share price of Ordinary R Shares would result in a gain in the net fair value of the TRS instruments of EUR 9.0 million, based on a closing share price at the year end of EUR 4.88 (5.52) on the NASDAQ OMX Helsinki.

The Group has certain investments in publicly traded securities (Note 16 Available-for-Sale Investments). The market value of these equity investments was EUR 6.7 (EUR 23.5) million at the year end. These securities have an exposure to fluctuations in equity prices, thus a 10% fall in equity prices would result in a EUR 0.7 (EUR 2.4) million loss in the equity value. This would not impact the Income Statement until such time as they were sold or the decline was deemed to be other than a temporary impairment. As of 31 December 2009 there were no outstanding financial derivative contracts designated as hedges of investments in publicly traded companies. Market value changes in these investments are recorded, after taxes, directly under Shareholders' Equity in the Available for-Sale Reserve.

The Group has a 14.8% holding, valued at EUR 768.4 (EUR 766.0) million, in PVO, a privately owned group of companies in the energy sector. The value of these shares is dependent on energy prices and discussed in more detail in Note 16 Available-for-Sale Investments.

On 30 April 2008 Stora Enso completed the divestment of its merchant business Papyrus to Altor Fund II a private equity venture. Part of the consideration comprised a PIK Note issued by the Altor subsidiary Papyrus Holding AB. The PIK Note is subordinate to senior debt in the purchaser but has priority to equity holders and has a final maturity of nine years and one week from the closing of the deal that is 7 May 2017. Interest accrues at the rate of 9% for the first three years of the Note higher for later periods and is added in arrears to the principal of the PIK Note. The PIK Note at the year end had a nominal value of EUR 66.2 million and a fair value of EUR 65.0 million. The valuation of this PIK Note requires management judgement, hence subject to uncertainty. The valuation method is described in more detail in Note 16 Available-for-Sale Investments.

On the divestment of SENA, described in more detail in Note 5 Discontinued Operations, part of the sales consideration consisted of shares in the newly established privately owned company, NewPage. This holding was classified as an Available-for-Sale Investment in operative securities and is recorded at a fair value of nil (USD 244) million at 31 December 2009. Details related to the impairment of this asset are described in Note 16 Available-for-Sale Investments.

Customer credit risk

Credit insurance has been obtained for customers in the main market areas of Western Europe, Canada and the United States. In other market areas, measures to reduce credit risks include letters of credit, prepayments and bank guarantees. The Group has also obtained export guarantees, covering both political and commercial risks, which are used in connection with individual customers outside the OECD area. Management considers that no significant concentration of credit risk with any individual customer, counterparty or geographical region exists for Stora Enso. The Age Analysis of Trade Receivables is given in Note 19 Receivables.

Capital risk management

Stora Enso's debt structure is focused on capital markets, whereas banks are primarily used to provide back-up facilities. Group objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may, subject to shareholder approval as appropriate, vary the dividend paid to shareholders, buy its own shares on the market, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital on the basis of a target debt-to-equity ratio of 0.80 or less, indicating a strong financial position, and financial flexibility. In order to secure access to funding, the Group's target is to have two investment grade credit ratings although at present that target is not being achieved. Debt-to-equity ratios are shown below:

Capital Structure

	As at 31 December		
EUR million	**2009**	2008	2007
Interest-bearing liabilities	3 936.7	4 076.1	4 441.5
Interest-bearing assets	1 342.9	952.1	1 486.8
Interest-bearing Net Debt	**2 593.8**	**3 124.0**	**2 954.7**
Total Equity	**5 124.3**	**5 594.0**	**7 593.6**
Debt / Equity Ratio	**0.51**	**0.56**	**0.39**

Note 27 Fair Values

Carrying Amounts of Financial Assets & Liabilities by Measurement Categories: 2009

EUR million	Loans and Receivables	Financial Items at FVTPL	Hedging Derivatives	Available-for-Sale Financial Assets	Carrying Amounts by Balance Sheet Item	Fair Value	Note
Financial Assets							
Available-for-Sale	-	-	-	850.2	850.2	850.2	16
Non-current loan receivables	159.6	-	-	-	159.6	170.3	19
Trade and other operative receivables	1 168.4	-	-	-	1 168.4	1 168.4	19
Interest-bearing receivables	27.6	120.6	73.0	-	221.2	221.2	19
Cash and cash equivalents	890.4	-	-	-	890.4	890.4	
Total	**2 246.0**	**120.6**	**73.0**	**850.2**	**3 289.8**	**3 300.5**	

EUR million	Financial Items at FVTPL	Hedging Derivatives	Measured at Amortised Cost	Carrying Amounts by Balance Sheet Item	Fair Value	Note
Financial Liabilities						
Non-current debt	-	-54.9	2 953.3	2 898.4	3 261.0	28
Current portion of non-current debt	-	-4.1	818.9	814.8	814.8	28
Interest-bearing liabilities	35.4	76.0	98.7	210.1	210.1	28
Trade and other operative payables	14.1	-	1 011.1	1 025.2	1 025.2	25
Bank overdrafts	-	-	13.4	13.4	13.4	
Total	**49.5**	**17.0**	**4 895.4**	**4 961.9**	**5 324.5**	

Carrying Amounts of Financial Assets & Liabilities by Measurement Categories: 2008

EUR million	Loans and Receivables	Financial Items at FVTPL	Hedging Derivatives	Available-for-Sale Financial Assets	Carrying Amounts by Balance Sheet Item	Fair Value	Note
Financial Assets							
Available-for-Sale	-	-	-	1 109.2	1 109.2	1 109.2	16
Non-current loan receivables	130.3	-	-	-	130.3	144.7	19
Trade and other operative receivables	1 291.5	-	-	-	1 291.5	1 291.5	19
Interest-bearing receivables	10.3	135.9	104.9	-	251.1	251.1	19
Cash and cash equivalents	415.8	-	-	-	415.8	415.8	
Carrying Amount by Category	**1 847.9**	**135.9**	**104.9**	**1 109.2**	**3 197.9**	**3 212.3**	

EUR million	Financial Items at FVTPL	Hedging Derivatives	Measured at Amortised Cost	Carrying Amounts by Balance Sheet Item	Fair Value	Note
Financial Liabilities						
Non-current debt	-	-130.1	3 137.9	3 007.8	3 323.8	28
Current portion of non-current debt	-	-2.5	439.9	437.4	437.4	28
Interest-bearing liabilities	75.6	287.8	224.3	587.7	587.7	28
Trade and other operative payables	57.4	-	785.9	843.3	843.3	25
Bank overdrafts	-	-	43.2	43.2	43.2	
Carrying Amount by Category	**133.0**	**155.2**	**4 631.2**	**4 919.4**	**5 235.4**	

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair values that are not based on observable market data.

Fair Value Measurements Recognised in the Statement of Financial Position

	As at 31 December 2009			
EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial assets				
Hedging derivatives	-	73.0	-	73.0
Derivatives at fair value through profit and loss	-	120.6	-	120.6
Available-for-sale financial assets				
Listed securities	6.7	-	-	6.7
Unlisted shares	-	-	778.5	778.5
Unlisted interest-bearing securities	-	-	65.0	65.0
Total	**6.7**	**193.6**	**843.5**	**1 043.8**
Derivative financial liabilities				
Hedging derivatives	-	17.0	-	17.0
Derivatives at fair value through profit and loss	-	49.5	-	49.5
Total	**0.0**	**66.5**	**0.0**	**66.5**

Reconciliation of Level 3 Fair Value Measurements of Financial Assets

EUR million	**Unlisted Shares**	**Unlisted Interest-bearing Securities**	**Total**
Opening balance at 1 January 2009	954.3	131.4	1 085.7
Writedowns recognised through income statement	-284.6	-148.5	-433.1
Gains recognised in other comprehensive income	111.6	68.4	180.0
Disposals	-2.8	-	-2.8
Interest capitalised	-	13.7	13.7
Closing Balance at 31 December 2009	**778.5**	**65.0**	**843.5**

Note 28 Debt

Debt at 31 December 2009 amounted to EUR 3 713.2 million an increase of EUR 268.0 million on the previous year's EUR 3 445.2 million. Redemptions amounted to EUR 482.9 million, the main item being a EUR 345.3 million repayment on a Swedish Medium Term Note, denominated in Swedish krona and EUR 137.6 million going mainly to credit institutions. During the year, the Group raised EUR 741.7 million of debt, of which EUR 562.0 million was raised through the issue of bonds as described below and EUR 138.2 million through other loans mainly from credit institutions. The Group also raised EUR 41.5 million through a sale and leaseback transaction at its Imatra Mills which will be repaid over 7 years. The remaining change in debt for the year of EUR 8.6 million relates mainly to termination and fair value movements of hedges, foreign exchange and amortisation.

In May 2009, the Group tapped its EUR 517 555 000 5.125% June 2014 notes by EUR 232 445 000, which brought the total transaction size to EUR 750 000 000. The new notes were issued with a 12.25% yield and were priced at 74.099.

In September 2009, the Group issued a EUR 390 million seven year bond under its Euro Medium term Note ("EMTN") programme which extended the average debt maturity profile. The bond pays a floating coupon of Euribor +4.21% and there are no financial covenants. The sole lead manager for the deal was SEK Securities.

In May 2007, Stora Enso signed a new EUR 1.4 billion syndicated credit facility agreement with a group of 15 banks. The facility which has a maturity of five years at a margin of 0.225% p.a. over Euribor and is for general corporate purposes.

Borrowings have various maturities, details of which are set out in Note 26, Financial Risk Management, the longest being in 2036, and have either fixed or floating interest rates ranging from 0.5% (1.0%) to 8.6% (10.0%). The majority of Group loans are denominated in Euros, US dollars and Swedish kronas. At 31 December 2009 unused committed credit facilities totalled EUR 1.4 (EUR 1. 4) billion nothing of which was short-term with the rest expiring in 2012 (2012). Additionally, the Group has access to various other long-term sources of funding up to EUR 0.7 billion mainly from Finnish pension funds.

In 2009 net interest-bearing items decreased by EUR 530.2 million to EUR 2 593.8 million mainly as a result of the strong cash flow achieved during the year. Cash and cash equivalents net of overdrafts increased from EUR 372.6 million at 31 December 2008 to EUR 877.0 million at 31 December 2009. The breakdown of net interest-bearing liabilities including internal items and operating capital by principal country/area is detailed below:

Country/Area Breakdown

	As at 31 December					
	Net interest-bearing Liabilities			**Operating Capital**		
EUR million	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Euro area	1 338.0	1 380.7	2 282.8	3 806.0	4 735.9	6 149.0
Sweden	926.3	1 419.9	482.2	2 286.0	2 397.6	2 817.3
USA	12.8	-50.4	-94.0	61.4	259.8	322.5
Brazil	-8.4	-20.8	-8.5	758.8	588.6	660.3
Russia	149.1	202.1	186.9	178.4	198.9	262.8
Poland	-63.2	-83.5	-75.2	213.8	187.1	231.6
China	229.5	251.5	166.2	289.7	295.2	235.9
Czech Republic	-33.2	-40.5	-27.0	120.6	125.0	155.0
Other	42.9	65.0	41.3	375.9	269.2	404.4
Total	**2 593.8**	**3 124.0**	**2 954.7**	**8 090.6**	**9 057.3**	**11 238.8**

Long-term Debt

	As at 31 December					
	Repayable within 12 Months			**Repayable after 12 Months**		
EUR million	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Bond loans	529.2	338.5	263.7	2 214.9	2 233.2	2 618.9
Loans from credit institutions	269.8	90.3	235.8	433.0	645.4	681.1
Financial lease liabilities	9.8	5.8	13.6	61.5	23.1	34.2
Other long-term liabilities	10.1	5.3	-	243.9	236.2	28.0
Fair value of derivatives hedging debt	-4.1	-2.5	-	-54.9	-130.1	-7.4
Total Long-term Debt	**814.8**	**437.4**	**513.1**	**2 898.4**	**3 007.8**	**3 354.8**

Due to the short-term nature of most current Group financial liabilities their carrying value is considered to approximate their fair value. However, the fair value of non-current term debt, exclusive of the current part, has a fair value of EUR 3 261.0 (EUR 3 323.8) million, against a carrying value of EUR 2 898.4 (EUR 3 007.8) million, the difference being partially offset by the derivatives hedging the debt (see Note 29 Financial Instruments).

Currency Breakdown of Long-term Debt

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
EUR	2 259.4	1 637.7	1 478.0
USD	1 366.7	1 379.1	1 514.5
SEK	66.8	399.5	770.9
Other currencies	20.3	28.9	104.5
Total	**3 713.2**	**3 445.2**	**3 867.9**

Bond Loans in Non-current Debt

Issue/ Maturity Dates	Description Of Bond	Interest Rate %	Currency Of Bond	Nominal Value Issued	Outstanding As at 31 December		Carrying Value As at 31 December	
				2009	**2008**	**2009**	**2008**	**2009**
All Liabilities are held by the parent company				**Currency million**			**EUR million**	
Fixed Rate								
1993–2019	Series C Senior Notes 2019	8.600	USD	50.0	50.0	50.0	35.9	34.7
2001–2011	Global 7.375% Notes 2011	7.375	USD	750.0	468.8	468.8	381.1	352.5
2004–2014	Euro Medium Term Note	5.125	EUR	750.0	517.6	749.9	523.7	711.7
2005–2010	Euro Medium Term Note	3.250	EUR	500.0	500.0	500.0	501.5	504.1
2006–2016	Global 6.404% Notes 2016	6.404	USD	507.9	507.9	507.9	429.5	390.9
2006–2036	Global 7.25% Notes 2036	7.250	USD	300.0	300.0	300.0	211.7	204.5
2006–2015	Swedish Fixed Real Rate	3.500	SEK	500.0	500.0	500.0	50.0	55.8
Loans matured and extinguished in 2009							338.4	-
Total Fixed Rate Bond Loans							**2 471.8**	**2 254.2**
Floating Rate								
2000–2010	Euro Medium Term Note	Euribor+0.80	EUR	25.0	25.0	25.0	25.0	25.0
2006–2018	Euro Medium Term Note	Euribor+0.96	EUR	25.0	25.0	25.0	25.0	25.0
2006–2018	Euro Medium Term Note	Euribor+0.72	EUR	50.0	50.0	50.0	49.9	49.9
2009–2016	Euro Medium Term Note	Euribor+4.21	EUR	390.0	-	390.0	-	390.0
Loans matured and extinguished in 2009							-	-
Total Floating Rate Bond Loans							**99.9**	**489.9**
Total Bond Loans							**2 571.7**	**2 744.1**

Interest-bearing Liabilities

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Current loans	98.7	224.3	402.6
Derivative financial instruments (see Note 29)	111.4	363.4	79.6
Total Interest-bearing Liabilities	**210.1**	**587.7**	**482.2**

Current loan payables include accrued interest of EUR 66.7 (EUR 60.9) million. Group short-term loans are denominated in Euros 99% (74%), Chinese renminbi 0% (21%), US dollars 0% (5%) and Swedish kronas 1% (0%), with maturities ranging from payable on demand up to 12 months.

Finance lease liabilities

At 31 December 2009 Stora Enso had a small number of finance leasing agreements for machinery and equipment for which capital costs of EUR 50.3 (EUR 9.5) million were included in machinery and equipment; the depreciation and impairment thereon was EUR 0.8 (EUR 17.4) million. The aggregate leasing payments for the year amounted to EUR 6.4 (EUR 6.0) million, the interest element being EUR 0.9 (EUR 3.7) million. As discussed earlier the Group entered into a sale and leaseback transaction related to equipment at its Imatra mills. The net liability realised amounted to EUR 41.5 million which will be repaid over a seven year period. There was a substantial reduction in finance lease liabilities in 2007 as a result of the divestment of SENA.

Finance Lease Liabilities

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Minimum lease payments			
Less than 1 year	12.3	6.9	17.0
1–2 years	6.0	2.2	16.1
2–3 years	6.0	2.0	5.0
3–4 years	20.3	1.9	3.0
4–5 years	5.6	17.0	2.2
Over 5 years	34.4	3.2	15.8
	84.6	33.2	59.1
Future finance charges	-13.3	-4.3	-11.3
Present Value of Finance Lease Liabilities	**71.3**	**28.9**	**47.8**
Present Value of Finance Lease Liabilities			
Less than 1 year	9.8	5.8	13.6
1–2 years	3.6	1.2	14.1
2–3 years	3.7	1.1	4.3
3–4 years	18.2	1.0	2.2
4–5 years	4.3	16.7	1.5
Over 5 years	31.7	3.1	12.1
	71.3	**28.9**	**47.8**

Note 29 Financial Instruments

Shareholders’ equity – other comprehensive income

Certain derivatives are designated as cash flow hedges and measured to fair value with the fair value movements being recorded in the separate equity category of OCI: Hedging Reserve. The other component of OCI is the Available-for-Sale Reserve representing the difference between the reporting date fair value of investments and their initial fair value at acquisition (see Note 16 Available-for-Sale Investments).

Associates and joint ventures record amounts directly in equity related to hedges and pensions, and the Group records its share of these amounts also in equity in the “Currency and Commodity Hedges of Associates” classification. This classification includes the Group’s 43.3% share in interest rate swaps showing a deferred loss of EUR 3.8 (EUR 5.4) million in respect of Stora Enso’s Associate Bergvik Skog; this amount relates to a fair value loss on Bergvik Skog’s cash flow hedge accounted interest rate swap and has been deducted from the equity accounted value of the Group interest in its Associate. In addition, Tornator has interest rate derivative cash flow hedges showing a deferred loss of EUR 6.7 (EUR 5.3) million and the US Associate, Thiele Kaolin has amounts recorded in OCI with a deferred loss of EUR 8.5 (EUR gain 0.2) million.

The estimated net amount of unrealised cashflow hedge losses net of taxes amounted to EUR 0.8 (EUR 166.1) million of which a gain of EUR 15.3 (EUR loss 97.6) million related to currencies and a loss of EUR 16.1 (EUR 68.5) million to commodities. These unrealised gains and losses are expected to be recycled through the income statement within one to five years with the longest hedging contract maturing in 2014 (2012), however the majority are expected to mature in 2010. Any hedge ineffectiveness is presented as an adjustment to sales or to materials and services depending on the underlying exposure which amounted to gross costs of EUR 0.0 (EUR 2.0) million for currency hedges and EUR 2.5 (EUR 15.1) million for commodity contract hedges. Derivatives used in currency cash flow hedges are forward contracts and options with swaps mainly used in commodity hedges.

Fair values of financial instruments

Derivative financial instruments are recorded on the Statement of Financial Position at their fair values defined as the amount at which the instrument could be exchanged between willing parties in a current transaction other than in a liquidation or forced sale. The fair values of such financial items have been estimated on the following basis:

- Currency and equity option contract values are calculated using year end market rates together with common option pricing models the fair values being implicit in the resulting carrying amounts.
- The carrying amounts of foreign exchange forward contracts are calculated using year end market rates and thus their approximate fair values.
- The fair values of interest rate swaps have been calculated using a discounted cash flow analysis.
- Swaption contract fair values are calculated using year end interest rates together with common option pricing models the fair values being implicit in the resulting carrying amounts.
- Commodity contract fair values are computed with reference to quoted market prices on future exchanges and thus the carrying amounts approximate fair values.
- The fair values of commodity options are calculated using year end market rates together with common option pricing models the fair values being implicit in the resulting carrying amounts.
- The fair values of Total Return (Equity) Swaps are calculated using year end equity prices as well as year end interest rates.

The Group had no material outstanding embedded derivatives which would have been separated from and accounted differently to the host contract at either 31 December 2007, 2008 or 2009.

Certain gains and losses on financial instruments are taken directly to equity either to offset CTA or deferred under OCI. The remaining fair value movements are taken to the Income Statement as Net Financial Items (Note 9 Net Financial Items).

Fair Value Hedge Gains and Losses

EUR million	2009	2008	2007
	Year Ended 31 December		
Net gains/(losses) on qualifying hedges	-73.6	125.2	2.2
Fair value changes in hedged items	83.3	-133.1	-5.0
Net gains/(losses)	**9.7**	**-7.9**	**-2.8**
Net gains/(losses) on non-qualifying hedges	8.3	1.1	8.6
Net Fair Value Gains/(Losses): Continuing Operations	**18.0**	**-6.8**	**5.8**
Net fair value gains/(losses): Discontinued operations	-	-	1.1
Net Fair Value Gains/(Losses) in Financial Items: Total Operations	**18.0**	**-6.8**	**6.9**

Derivatives used in fair value hedges are mainly interest rate swaps.

Cash Flow Hedge Gains and Losses

EUR million	2009	2008	2007
	Year Ended 31 December		
Qualifying Hedges			
Currency hedges	-81.8	6.8	29.9
Commodity contract hedges	-59.1	49.7	-11.6
Realised from OCI through the Income Statement	**-140.9**	**56.5**	**18.3**
Currency hedges ineffectiveness	-	-2.0	-
Commodity contract hedges ineffectiveness	-2.5	-15.1	0.6
Net Gains/(Losses) from Qualifying Hedges	**-143.4**	**39.4**	**18.9**
Non-qualifying Hedges			
Currency hedges	1.8	2.9	2.1
Commodity contract hedges	-3.9	0.5	-0.9
Net Gains/(Losses) on Non-Qualifying Hedges	**-2.1**	**3.4**	**1.2**
Net Cash Flow Hedge Gains/(Losses) in Operative Items	**-145.5**	**42.8**	**20.1**

Fair Values of Derivative Instruments

	As at 31 December				
	Positive Fair Values	Negative Fair Values	Net Fair Values	Net Fair Values	Net Fair Values
EUR million	2009	2009	2009	2008	2007
Interest rate swaps	194.7	-38.1	156.6	227.2	59.4
Interest rate options	-	-26.7	-26.7	-38.0	-6.1
Forward contracts	49.2	-28.7	20.5	-73.9	-19.7
Currency options	26.7	-12.8	13.9	-14.6	17.2
Commodity contracts	21.0	-42.8	-21.8	-90.7	92.0
Equity swaps (“TRS”) & equity options	5.2	-19.3	-14.1	-57.4	-34.9
Total	**296.8**	**-168.4**	**128.4**	**-47.4**	**107.9**

Positive and negative fair values of financial instruments are shown under Interest-bearing Receivables and Liabilities and Long-term Debt with an exception being TRS which is shown under operative receivables and liabilities.

The presented fair values in the previous table include accrued interest and option premiums and the net premiums received on outstanding derivatives were EUR 1.3 (EUR 0.0) million. The net fair value of cash flow hedge accounted derivatives was a loss of EUR 2.0 (EUR 226.1) million the net fair value of fair value hedge accounted derivatives was a gain of EUR 59.0 (EUR 132.6) million the net fair value net investment in foreign entities hedge accounted derivatives was a loss of EUR 0.8 (EUR gain 43.3) million and net fair value of non hedge accounted derivatives was a gain of EUR 72.2 (EUR 2.8) million.

Nominal Values of Derivative Financial Instruments

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Interest Rate Derivatives			
Interest rate swaps			
Maturity under 1 year	666.8	592.8	69.9
Maturity 2–5 years	2 384.0	1 683.4	2 164.4
Maturity 6–10 years	861.8	2 341.6	2 470.9
	3 912.6	4 617.8	4 705.2
Interest rate options	387.4	394.3	491.6
Total	**4 300.0**	**5 012.1**	**5 196.8**
Foreign Exchange Derivatives			
Forward contracts	2 935.7	3 049.4	3 114.1
Currency options	1 590.7	1 438.9	2 607.7
Total	**4 526.4**	**4 488.3**	**5 721.8**
Commodity Derivatives	**396.7**	**604.6**	**417.2**
Total Return (Equity) Swaps			
Equity swaps (“TRS”)	104.7	158.2	213.9
Equity options	-	22.0	22.0
Total	**104.7**	**180.2**	**235.9**

The table below analyses the Group’s derivative financial instruments to be settled on a gross basis into relevant maturity groupings based on the remaining contract period at the reporting date. However, for Stora Enso all values are for one year only.

Contractual payments for net-settled derivatives financial liabilities were in the following maturity groupings; within one year EUR 55.7 (EUR 96.9) million and within two to five years EUR 61.1 (EUR 145.4) million.

Contractual Derivatives Maturity Repayments Gross Settlement

	As at 31 December 2009		As at 31 December 2008	
EUR million	**2010**	**2011 +**	**2009**	**2010 +**
Currency Forwards & Options: Cash flow hedges				
Outflow	1 754.8	-	1 895.8	-
Inflow	1 760.5	-	1 772.9	-
Currency Forwards & Options: Hedging of Net Investment				
Outflow	179.3	-	251.5	-
Inflow	177.9	-	294.7	-
Currency Forwards & Options: Fair Value in Income Statement				
Outflow	1 742.1	-	1 532.7	-
Inflow	1 755.6	-	1 537.4	-

Note 30 Cumulative Translation Adjustment and Equity Hedging

The Group operates internationally and is thus exposed to currency risk arising from exchange rate fluctuations on the value of its net investment in non-Euro Area foreign subsidiaries and equity accounted investments. Exchange differences arising from the translation of equity results and dividends for foreign subsidiary and equity accounted undertakings are aggregated with the financial instruments hedging these investments and the net is recorded directly in shareholders' equity as CTA; this is expensed through the Income Statement on the divestment of a foreign entity.

Cumulative Translation Adjustment

	Year Ended 31 December		
EUR million	**2009**	**2008**	**2007**
At 1 January			
CTA on net investment in non-Euro foreign entities	-456.9	-128.3	-559.6
Hedging thereof	18.9	17.3	610.4
Net currency (losses)/gains in equity	-438.0	-111.0	50.8
Tax on hedging	-5.8	-4.6	-182.8
	-443.8	**-115.6**	**-132.0**
CTA Movement for the Year Reported in OCI			
Restatement of opening non-euro denominated equity	237.3	-410.1	-93.5
Difference in Income Statement translation	17.6	-19.1	5.9
Internal equity injections less dividends	-7.1	134.6	15.9
Other	-0.5	-1.4	-5.1
	247.3	**-296.0**	**-76.8**
Hedging of Net Investment for the Year Reported in OCI			
Hedging result	0.7	1.3	53.7
Taxes	-0.2	-1.1	-13.2
	0.5	**0.2**	**40.5**
Income Statement			
CTA (gain)/loss on disposed non-Euro foreign entities	-10.3	-32.6	508.1
Hedging (gain)/loss relating to disposed entities	15.6	0.3	-646.8
Net (gain)/loss	5.3	-32.3	-138.7
Taxes	-3.9	-0.1	191.4
	1.4	**-32.4**	**52.7**
At 31 December			
CTA on net investment in non-Euro foreign entities	-219.9	-456.9	-128.3
Hedging thereof (see below)	35.2	18.9	17.3
Cumulative net currency gains / (losses) in equity	-184.7	-438.0	-111.0
Tax on hedging	-9.9	-5.8	-4.6
Net CTA in Equity	**-194.6**	**-443.8**	**-115.6**
Hedging of Net Investment in Foreign Entities			
Hedging	35.2	18.9	17.3
Tax on hedging	-9.9	-5.8	-4.6
Net Hedging Result in Equity	**25.3**	**13.1**	**12.7**
Realised gain / (losses)	26.1	-12.1	-0.9
Unrealised (losses) / gain	-0.8	25.2	13.6
Total Gain	**25.3**	**13.1**	**12.7**

In 2009, the disposal of Stora Enso Uruguay S.A. and abandonment of non-Euro operations resulted in the release of cumulative translation differences to the income statement amounting to a gain of EUR 10.3 million less hedging losses of EUR 15.6 million.

In 2008 the disposal of the Papyrus Merchant group resulted in the release of cumulative translation differences to the Income Statement amounting to a gain of EUR 35.8 million less hedging losses of EUR 0.3 million. Other disposals and liquidations in 2008 resulted in net CTA losses of EUR 3.2 million (see Note 6 Other Operating Income and Expense).

The Group is currently only hedging its equity exposure to the Czech koruna and Polish zloty. However, the main movement in CTA in 2009 related to the Brazilian real and Swedish krona. Total CTA gains in Sweden amounted to EUR 53.2 (EUR loss 116.0) million resulting in accumulated CTA losses of EUR 276.0 (EUR 329.2) million. Total CTA gains in Brazil amounted to EUR 175.3 (EUR loss 151.2) million resulting in accumulated CTA gains of EUR 66.3 (EUR losses 109.0) million.

Amounts Recognised in the Statement of Financial Position – CTA & Equity Hedging

	As at 31 December								
	Cumulative Translation Differences (CTA)			Equity Hedges			Net CTA on the Balance Sheet		
EUR million	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Brazil	66.3	-109.0	42.1	-	-	-	66.3	-109.0	42.1
Canada	-	-	-	-	-	-	-	-	-
China	-6.3	-4.2	-7.7	-	-	-	-6.3	-4.2	-7.7
Czech Republic	27.7	25.4	27.3	-10.6	-11.2	-12.5	17.1	14.2	14.8
Poland	-14.4	-17.6	21.9	20.1	21.1	-2.3	5.7	3.5	19.6
Russia	-12.1	-12.7	-11.4	-	-	-	-12.1	-12.7	-11.4
Sweden	-276.0	-329.2	-183.8	25.7	25.7	25.3	-250.3	-303.5	-158.5
USA	0.7	13.5	-9.5	-	-18.7	5.2	0.7	-5.2	-4.3
Others	-5.8	-23.1	-7.2	-	2.0	1.6	-5.8	-21.1	-5.6
CTA before Tax	**-219.9**	**-456.9**	**-128.3**	**35.2**	**18.9**	**17.3**	**-184.7**	**-438.0**	**-111.0**
Taxes	-	-	-	-9.9	-5.8	-4.6	-9.9	-5.8	-4.6
Net CTA in Equity	**-219.9**	**-456.9**	**-128.3**	**25.3**	**13.1**	**12.7**	**-194.6**	**-443.8**	**-115.6**

Amounts Recognised in the Statement of Other Comprehensive Income – CTA & Equity Hedging

	As at 31 December								
	Cumulative Translation Differences (CTA)			Equity Hedges			Net CTA in OCI		
EUR million	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Brazil	175.3	-151.2	62.1	-	-	-	175.3	-151.2	62.1
Canada	-	-	14.9	-	-	-14.7	-	-	0.2
China	-2.1	3.5	-3.6	-	-	-	-2.1	3.5	-3.6
Czech Republic	2.2	-1.3	5.8	0.6	1.2	-4.1	2.8	-0.1	1.7
Poland	3.2	-38.9	12.0	-1.0	23.5	-2.3	2.2	-15.4	9.7
Russia	0.6	-1.4	-2.5	-	-	-	0.6	-1.4	-2.7
Sweden	53.2	-116.0	-94.9	-	0.4	21.9	53.2	-115.6	-73.0
USA	-2.0	23.1	-63.9	1.1	-23.8	51.4	-0.9	-0.7	-12.5
Others	16.9	-13.8	-6.7	-	-	1.5	16.9	-13.8	-5.0
CTA before Tax	**247.3**	**-296.0**	**-76.8**	**0.7**	**1.3**	**53.7**	**248.0**	**-294.7**	**-23.1**
Taxes	-	-	-	-0.2	-1.1	-13.2	-0.2	-1.1	-13.2
Net CTA in Equity	**247.3**	**-296.0**	**-76.8**	**0.5**	**0.2**	**40.5**	**247.8**	**-295.8**	**-36.3**

Hedging of net investment in foreign entities

Group policy for translation risk exposure is to minimise this by funding assets whenever possible and economically viable in the same currency but if matching of the assets and liabilities in the same currency is not possible hedging of the remaining translation risk may take place. The gains and losses net of tax on all financial liabilities and instruments used for hedging purposes are offset in CTA against the respective currency movements arising from the restatement of the net investments at current exchange rates on the reporting date; the net amount of gains included in CTA during the period as shown on previous page came to EUR 0.5 (EUR 0.2) million.

Hedging Instruments and Unrealised Hedge Gains

	As at 31 December								
	Nominal amount (Currency)			Nominal amount (EUR)			Unrealised Gain/Loss (EUR)		
Million	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Forward Exchange Contracts									
Czech Republic	1 762.5	3 525.0	3 525.0	66.6	131.2	132.4	2.3	18.8	-2.0
Poland	462.8	500.0	400.0	112.7	120.4	111.3	-3.1	25.1	-1.4
				179.3	251.6	243.7	-0.8	43.9	-3.4
Borrowings									
Sweden	-	-	1 000.0	-	-	105.9	-	-	12.4
USA	-	530.0	530.0	-	380.8	360.0	-	-18.7	4.6
Total Hedging				**179.3**	**632.4**	**709.6**	**-0.8**	**25.2**	**13.6**

Note 31 Commitments and Contingencies

Commitments

EUR million	As at 31 December 2009	2008	2007
On Own Behalf			
Pledges given	-	0.8	0.8
Mortgages	16.2	62.0	135.9
On Behalf of equity accounted investments			
Guarantees	180.2	180.5	249.7
On Behalf of Others			
Guarantees	121.7	156.3	118.5
Other Commitments own			
Operating leases in next 12 months	27.2	28.9	30.6
Operating leases after next 12 months	79.3	95.0	112.2
Pension liabilities	0.3	0.2	0.2
Other contingencies	36.4	40.4	22.5
Total	**461.3**	**564.1**	**670.4**
Pledges given	-	0.8	0.8
Mortgages	16.2	62.0	135.9
Guarantees	301.9	336.8	368.2
Operating leases	106.5	123.9	142.8
Pension liabilities	0.3	0.2	0.2
Other contingencies	36.4	40.4	22.5
Total	**461.3**	**564.1**	**670.4**

Purchase Agreement Commitments as at 31 December 2009

EUR million	Type of Supply	Country	Years Left	Contract Total	Scheduled contractual payments 2010	2011–2012	2013–2014	2015+
Materials & Supplies								
Stora Enso AB	Electricity	Sweden	4-10	**1 269**	128	256	262	623
Stora Enso Skog AB	Wood	Sweden	9	**1 091**	132	249	241	469
Stora Enso Oyj	Fibre	Finland	7	**369**	56	103	105	105
Stora Enso Arapoti Industria de Papel	Wood	Brazil	48	**308**	7	13	13	275
Guangxi Stora Enso Forestry Co Ltd	Land rents	China	44-48	**162**	4	7	7	144
Stora Enso Logistics AB	Shipping	Sweden	12	**142**	4	12	15	111
Stora Enso Transport & Distribution Ltd	Terminal	UK	11	**140**	12	26	26	76
Stora Enso Kymenlaakso	Main-tenance	Finland	4	**87**	22	43	22	-
Stora Enso Transport & Distribution Ltd	Shipping	UK	6	**74**	13	27	27	7
Stora Enso Kabel GmbH & Co KG	Steam	Germany	2	**69**	7	62	-	-
Stora Enso Arapoti Industria de Papel	Energy	Brazil	2	**44**	22	22	-	-
Stora Enso Kabel GmbH & Co KG	Gas	Germany	2	**40**	4	36	-	-
Stora Enso Kabel GmbH & Co KG	Raw material	Germany	2	**39**	4	35	-	-
Stora Enso Logistics AB	Shipping	Sweden	6	**38**	6	12	14	6
Guangxi Stora Enso Forestry Co Ltd	Land rents	China	17	**35**	3	4	4	24
Stora Enso Uetersen GmbH	Gas	Germany	3	**33**	12	21	-	-
Stora Enso Corbehem S.A.	Electricity	France	1	**23**	23	-	-	-
Stora Enso Arapoti Industria de Papel	Energy	Brazil	1	**21**	21	-	-	-
Corenso North America	Steam	USA	9	**21**	5	5	5	6
Stora Enso Barcelona	Gas	Spain	1	**21**	21	-	-	-
Others	-	-	-	**404**	218	128	44	14
Total: Materials & Supplies				**4 430**	**724**	**1 061**	**785**	**1 860**
Capital Expenditure				**114**	**112**	**2**	**-**	**-**
Total Contractual Commitments				**4 544**	**836**	**1 063**	**785**	**1 860**

Outstanding balances under binding Purchase Agreements amount to EUR 4 544 (EUR 4 768) million of which contracts for consumables and services amount to EUR 4 430 (EUR 4 558) million and for capital expenditure commitments EUR 114 (EUR 210) million. The principal commitments relate to:

- Wood supplied from the Group's forest Associates Bergvik Skog in Sweden, Tornator in Finland and Arauco in Brazil.
- Group risk management of power supplies by entering into long-term fixed price contracts.
- Logistics commitments relating to shipping and terminal facilities.
- Land use rights in China both for the plantations and the site of the proposed mill development at Beihai.

In order to mitigate electricity price risk the Group uses both physical and financial long-term fixed price contracts. In Sweden many financial contracts have been converted to physical contracts whereby the Group is committed to purchasing electricity from a number of different suppliers over the next 4 to 10 years. Similar contracts as disclosed above are used to manage commodity risk elsewhere in Europe especially in Germany.

Stora Enso Oyj has also signed a 15-year take or pay contract with Rederi AB Trans-Atlantic for the operation of ships between Finland and Sweden thus the Group's commitment of EUR 142 million for the remaining 12 years is also its contingent liability in the event of early termination.

Commitments in relation to capital expenditure mainly relate to ongoing energy efficiency projects in Langerbrugge Mill In Belgium, Maxau Mill in Germany and Ostroleka Mill in Poland and the rebuild of board machine BM4 at Imatra Mills in Finland.

Stora Enso has material commitments in China where the Group has rental commitments for up to 50 years on some 90 000 hectares of land contracted to date as well as being obliged to pay for the standing trees on land it has contracted to rent. Whilst future land rentals are estimated at EUR 162 million for the plantations, the capital commitments on existing trees amounted to EUR 10.5 million.

Guarantees are made in the ordinary course of business on behalf of equity accounted investments and occasionally others; the guarantees entered into with financial institutions and other credit guarantors generally obligate the Group to make payment in the event of default by the borrower. The guarantees have off-Balance Sheet credit risk representing the accounting loss that would be recognised at the reporting date if counterparties failed to perform completely as contracted. The credit risk amounts are equal to the contract sums assuming the amounts are not paid in full and are irrecoverable from other parties.

On the 2007 sale of SENA to NewPage the Stevens Point Mill PM 35 lease obligation was transferred from Stora Enso to NewPage. However Stora Enso remains as guarantor of this lease with an estimated maximum exposure of some EUR 114.5 (USD 165) million until either the basic lease termination date of 1 January 2014 the early lease termination date of 1 January 2010 or the extended date of 31 December 2025. Until the guarantee has been released NewPage has indemnified Stora Enso for any costs suffered by the Group relating to this guarantee. Stora Enso also has guarantees in relation to Energy supply contracts totalling EUR 23.8 (USD 34) million.

Stora Enso Oyj has guaranteed the liabilities of many of its subsidiaries up to a maximum of EUR 437.0 (EUR 434.5) million as of 31 December 2009. It has also guaranteed the indebtedness of its Brazilian joint venture, Veracel, to various local and international banks the amount outstanding at the year end being EUR 149.3 (EUR 163.1) million.

Stora Enso Logistics AB has a time charter party with Wagenborg Scheepvaart B.V. of the Netherlands ("WSBV") concerning three vessels; WSBV has in turn chartered the three vessels from owners in Denmark. At the expiry of the three charterparties in 2015, Stora Enso Oyj has guaranteed to pay the owners an amount equal to the difference between the stipulated loss value and the net sale price obtained by the owners; however, always limited to 6/21 of the original facility amount. The maximum Group exposure under this guarantee amounted to EUR 33.4 (EUR 32.8) million at the year end.

The Group leases office and warehouse space under various non-cancellable operating leases some of which contain renewal options. These future costs are expensed as they fall due with the exception of certain leases which are deemed onerous for which a provision of EUR 12.8 million has been made in 2009 as a result of the current economic situation. The future cost for contracts exceeding one year and for non-cancellable operating leasing contracts are:

Repayment Schedule of Operating Lease Commitments

	As at 31 December		
EUR million	**2009**	**2008**	**2007**
Less than 1 year	27.2	28.9	30.6
1–2 years	24.1	24.7	26.8
2–3 years	21.4	21.7	22.9
3–4 years	15.3	18.3	19.0
4–5 years	9.9	13.6	16.8
Over 5 years	8.6	16.7	26.7
	106.5	**123.9**	**142.8**

Contingent liabilities

Stora Enso has undertaken significant restructuring actions in recent years which have included the divestment of companies, sale of assets and mill closures. These transactions include a risk of possible environmental or other obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Legal proceedings

Stora Enso is party to legal proceedings that arise in the ordinary course of business and which primarily involve claims arising out of commercial law. The management do not consider that liabilities related to such proceedings before insurance recoveries, if any, are likely to be material to the Group financial condition or results of operations.

- Inspections by US Competition Authorities and class-action lawsuits in the United States

  On 19 July 2007 following a jury trial in the US Federal District Court in Hartford, Connecticut, Stora Enso was found not guilty of charges relating to the sale of coated magazine paper in the USA in 2002 and 2003. Coincident with this case Stora Enso has been named in a number of class-action lawsuits brought in US federal and state courts by direct and indirect purchasers of publication paper. They allege generally that the defendants have agreed to fix increases or maintain the price of publication paper in the United States. They seek unspecified treble damages and in some cases restitution for the alleged overcharges resulting from the alleged violations. These lawsuits are still pending but no provisions are considered appropriate.
- Legal Action in Brazil against Veracel

  Stora Enso's joint venture company Veracel in Brazil has received a decision issued by a federal judge in Bahia originating from a 1993 claim in which the then Veracruz Florestal Ltda. was accused of having deforested 64 hectares of native forest that year. The decision claims that Veracel's permits issued by the State of Bahia are not valid and that no environmental impact assessment study was undertaken for the licensing. The decision states that 47 000 hectares of current plantations should be cut down and reforested with native trees within one year and imposes a possible fine of BRL 20 (EUR 6.2) million. In November 2008 the Federal Court of the municipality of Eunápolis, Bahia suspended the effects of the decision as an interim measure. The decision is being strenuously resisted by Veracel and no provisions have been made by either Veracel or Stora Enso.

Note 32 Principal Subsidiaries in 2009

The following is a list of the Company's fifty principal operating subsidiary undertakings ranked by external sales; these companies along with the parent account for 97% (91%) of Group external sales. The principal country in which each subsidiary operates is the country of incorporation. The Group's effective interest in the undertakings is 100% except where indicated and is held in each case by a subsidiary undertaking except for those companies marked with "+" which are held directly by the Parent Company. The countries operating outside the Euro area are indicated by "◊".

The subsidiaries Stora Enso Maxau GmbH & Co. KG, Corenso Elfes GmbH & Co. KG and Corenso United (Deutschland) GmbH & Co. KG have made use of the exemption provisions under Sec. 264 b German Commercial Code (HGB).

Subsidiary Companies (ranked by external sales)

		Country	% Sales	Newsprint & Book Paper	Magazine Paper	Fine Paper	Consumer Board	Industrial Packaging	Wood Products	Other
Stora Enso Oyj		**Finland**	**24.44**		•	•	•	•		•
Stora Enso Skoghall AB	◊	Sweden	5.87				•			
Stora Enso Kvarnsveden AB	◊	Sweden	4.89	•	•					
Stora Enso Publication Papers Oy Ltd	+	Finland	4.47	•	•					
Stora Enso Hylte AB	◊	Sweden	4.00	•						
Stora Enso Nymölla AB	◊	Sweden	3.48			•				
Stora Enso Maxau GmbH & Co KG		Germany	3.33	•	•					
Stora Enso Fors AB	◊	Sweden	3.12				•			
Stora Enso Kabel GmbH & Co KG		Germany	2.84		•					
Stora Enso Langerbrugge NV	+	Belgium	2.72	•	•					
Stora Enso Skog AB	◊	Sweden	2.52							•
Stora Enso Uetersen GmbH & Co KG		Germany	2.22			•				
Stora Enso Timber AG		Austria	2.03						•	
Stora Enso Corbehem SA		France	2.00		•					
Puumerkki Oy		Finland	1.77						•	
Stora Enso Sachsen GmbH		Germany	1.75	•						
Stora Enso Poland S.A. (95%)	+ / ◊	Poland	1.72					•		
Stora Enso Pulp AB	◊	Sweden	1.71		•					
Stora Enso Barcelona S.A.		Spain	1.60				•			
Stora Enso Timber AB	◊	Sweden	1.45						•	
Stora Enso Ingerois Oy	+	Finland	1.40				•			
Sydved AB (66.7%)	◊	Sweden	1.37							•
Stora Enso Arapoti Indústria de Papel (80%)	◊	Brazil	1.29		•					
Stora Enso Suzhou Paper Co Ltd (97.9%)	◊	China	1.29			•				
Stora Enso Timber d.o.o.	◊	Slovenia	1.27						•	
Stora Enso Packaging Oy	+	Finland	1.00					•		
Stora Enso Timber Oy Ltd	+	Finland	0.99						•	
Laminating Papers Oy	+	Finland	0.95					•		
Stora Enso Packaging AB	◊	Sweden	0.86					•		
Enocell Oy	+	Finland	0.68				•			
Stora Enso Timber Zdírec sro	◊	Czech	0.63						•	
Stora Enso Timber Deutchland GmbH		Germany	0.61						•	
Stora Enso Timber Bad St Leonhard GmbH		Austria	0.60						•	
Stora Enso Eesti AS	+ / ◊	Estonia	0.60						•	
Stora Enso Bioenergi AB	◊	Sweden	0.60							•
OOO Stora Enso Packaging	◊	Russia	0.60					•		
Stora Enso Bois SAS		France	0.50						•	
Stora Enso Timber Planá sro	◊	Czech	0.44						•	
Stora Enso Huatai Paper Co Ltd	◊	China	0.43		•					
Stora Enso Timber Australia Pty Ltd	◊	Australia	0.43						•	
OOO Stora Enso Packaging VR	◊	Russia	0.36					•		
Puumerkki AS	◊	Estonia	0.35						•	
Corenso North America Corp	◊	USA	0.34					•		
Stora Enso Packaging Kft	◊	Hungary	0.33					•		
Stora Enso Deutschland GmbH & Co KG	+	Germany	0.31		•					•
Stora Enso Timber DIY Products BV		NL	0.28						•	
Stora Enso Timber Holzverarbeitung GmbH		Austria	0.27						•	
Corenso United Oy Ltd	+	Finland	0.26					•		
Stora Enso Baienfurt GmbH		Germany	0.24		•		•			
Stora Enso Timber UK Ltd	◊	UK	0.21						•	

Note 33 Related Party Transactions

The key management personnel of the Group are the members of Group Executive Team and the Board of Directors. The compensation of key management personnel can be found in Note 8 Board and Executive Remuneration.

In the ordinary course of business the Group engages in transactions on commercial terms with equity accounted investments and other related parties with the exception of Veracel and PVO that are no less favourable than would be available to other third parties. Stora Enso intends to continue with transactions on a similar basis with its equity accounted investments further details of which are shown in Note 15 Equity Accounted Investments.

Pulp

Stora Enso and its local partner Aracruz Celulose S.A. have constructed a 1 100 000 tonnes per year eucalyptus pulp mill in Brazil for their jointly owned company, Veracel; each company has a 50% stake and is entitled to half of the mill's output. The mill commenced production in May 2005 and shipments of eucalyptus pulp are sent to Stora Enso mills in Europe and China. Sales to Group companies in 2009 totalled 525 610 (556 310) tonnes with an invoice value of EUR 146.4 (EUR 171.8) million. Stora Enso Oyj has also guaranteed the indebtedness of Veracel to various local and international banks with the amount out-standing at the year end being EUR 149.3 (EUR 163.1) million.

Sunila Oy, previously reported as a related party became a 100% subsidiary on 15 May 2009.

Energy

The Group holds a 14.8% (15.0%) interest in PVO a privately owned group of companies in the energy sector which produces electricity and heat for its shareholders in Finland. Each subsidiary of the PVO group has its own class of shares which entitle the shareholder to the energy produced in proportion to its ownership of that class of share. Stora Enso is the second largest shareholder in PVO being entitled to a capacity share of 438 MW and Juha Vanhainen as Group representative was appointed Deputy-Chairman of the Board of Directors on 15 October 2008 replacing Markku Pentikäinen. Prices paid to PVO for electricity are based on production costs which are generally lower than market prices and amounted to EUR 66.3 (EUR 73.5) million.

Stora Enso has set up a 50% jointly owned company NSE Biofuels Oy Ltd with Neste Oil Oyj in order to develop biofuel usage at Varkaus Mill in Finland. If successful a full scale commercial plant could be built at one of the Group mills. NSE Biofuels is selling syngas that is burnt in the Varkaus Mill lime kiln and is also buying biomass from SE Metsä and Varkaus Mill, as well as some services, however the project is principally a Research & Development venture and at present is constructing a demonstration plant.

Financial arrangements

The Group borrows from or has financial arrangements with several financial institutions where certain members of the Stora Enso Board of Directors or Group Executive Team also act as members of the Board of Directors, Supervisory Board or Executive Management Group of one or more of those bodies. These include Skandinaviska Enskilda Banken AB in the case of Marcus Wallenberg. All Group borrowings and financial arrangements have been negotiated on arms-length terms and several have existed for a number of years and prior to the current Board membership.

Research and Development

Stora Enso conducts research and development activities mainly through its three research centres but also increasingly through global networks, including leading partner institutes and universities. A 30% interest was held in one partner, Oy Keskuslaboratorio – Centrallaboratorium Ab ("KCL"). In 2009 total payments to KCL amounted to EUR 2.8 (EUR 4.6) million. On 4 January 2010, KCL signed a contract to integrate its research and laboratory operations with VTT Technical Research Centre of Finland. KCL will continue as a leading pilot services company and as real-estate company.

Recovered paper

The Group owns non-controlling interests in several paper recyclers from whom recovered paper is purchased at market prices.

Forest assets & wood procurement

The Group has a 41% interest in Tornator with the remaining 59% being held by Finnish institutional investors. Stora Enso has long-term supply contracts with the Tornator Group for approximately 1.6 million cubic metres of wood annually at market prices and in 2009 purchases of 1.2 (1.7) million cubic metres came to EUR 42.0 (EUR 62.1) million.

The Group has a 43.3% interest in Bergvik Skog with the remaining 56.7% held mainly by institutional investors. The Group has long-term supply contracts with Bergvik Skog under which it sells some 5.0 million cubic metres of wood annually at market prices; in 2009 purchases of 5.6 (5.1) million cubic metres came to EUR 107.2 (EUR 146.7) million with Group sales to Bergvik Skog being EUR 35.2 (EUR 37.3) million.

The Group also have loan receivables from Bergvik Skog amounting to EUR 78.9 (EUR 75.3) million and from Tornator amounting to EUR 26.3 (EUR 26.3). During the year the Group sold Bergvik Skog loan receivables with a nominal value of SEK 21.6 million to one of its shareholders, Erik Johan Ljundberg's Education Fund, which resulted in a gain of SEK 2.0 million and a cash flow of SEK 23.6 million.

Stevedoring

The Group currently owns 34.3% of the shares of Steveco Oy a Finnish company engaged in loading and unloading vessels the other shareholders being UPM-Kymmene, Finnlines, Ahlström and Myllykoski Paper. Stevedoring services provided by Steveco are at market prices and in 2009 amounted to EUR 11.9 (EUR 28.8) million.

Maintenance

Stora Enso and ABB signed an agreement in September 2008 to establish a joint venture company to provide maintenance services to Group mills starting on 1 January 2009. As a result, ABB have 49% of the shares in Efora Oy but as the shareholder's agreement provides that they have 51% of the votes they have operative control. Total services acquired from Efora Oy in 2009 amounted to EUR 186.9 million.

Note 34 Earnings per Share and Equity per Share

Earnings per Share

	Year Ended 31 December		
	2009	**2008**	**2007**
Net loss / (profit) for the period continuing operations, EUR million	-879.7	-677.7	10.5
Net loss / (profit) for the period discontinued operations, EUR million	-	4.3	-225.2
Net Loss / (Profit) for the Period Total Operations EUR million	**-879.7**	**-673.4**	**-214.7**
Comprehensive income, continuing operations, EUR million	-312.0	-1 649.0	273.6
Comprehensive income, discontinued operations, EUR million	-	4.3	-240.1
Total Comprehensive Income, Total Operations, EUR million	**-312.0**	**-1 644.7**	**33.5**
Weighted Average Number of A and R Shares	**788 619 987**	**788 619 987**	**788 599 164**
Effect of warrants	-	-	151 831
Diluted Number of Shares	**788 619 987**	**788 619 987**	**788 750 995**
Basic loss / (earnings) per share, continuing operations, EUR	-1.12	-0.86	0.01
Basic earnings / (loss) per share, discontinued operations, EUR	-	0.01	-0.28
Basic Loss per Share Total Operations, EUR	**-1.12**	**-0.85**	**-0.27**
Comprehensive income per share, continuing operations, EUR	-0.40	-2.09	0.34
Comprehensive income per share, discontinued operations, EUR	-	0.01	-0.30
Total Recognised Income & Expense per Share, Total Operations, EUR	**-0.40**	**-2.08**	**0.04**

Equity per Share

	As at 31 December		
	2009	**2008**	**2007**
Shareholders' Equity, EUR million	**5 124.3**	5 594.0	7 593.6
Market Value, EUR million	**4 025.0**	4 369.0	8 076.0
Number of A and R Shares	**788 619 987**	788 619 987	788 619 987
Basic Shareholders' Equity per Share, EUR	**6.50**	7.09	9.63
Capital Repayment / Dividend per Share Paid/Declared, EUR	**0.20**	0.20	0.45
Market Value per Share, EUR			
A shares	4.88	5.63	10.19
R shares	5.85	5.52	10.24

Extract of the Parent Company Financial Statements

Accounting principles

The Parent Company Financial Statements are prepared according to Generally Accepted Accounting Principles in Finland "Finnish GAAP"; see Group Consolidated Financial Statements Note 1 Accounting principles. The main differences between the accounting policies of the Group and the Parent Company are:

- The valuation of financial assets financial liabilities derivative financial instruments and securities.
- Accounting of post-employment Defined Benefit plans
- The presentation and accounting for deferred tax.

Parent Company Income Statement

	Year Ended 31 December	
EUR million	**2009**	**2008**
Sales	2 681.6	3 434.2
Changes in inventories of finished goods and work in progress	-52.0	-42.1
Production for own use	0.5	0.3
Other operating income	162.7	159.7
Materials and services	-1 898.2	-2 487.2
Personnel expenses	-297.2	-311.9
Depreciation and value adjustments	-543.9	-345.2
Other operating expenses	-565.5	-1 268.4
Operating Loss	**-512.0**	**-860.6**
Net financial items	-635.0	-490.2
Loss before Extraordinary Items	**-1 147.0**	**-1 350.8**
Extraordinary income	5.8	-
Extraordinary expense	-70.4	-
Loss before Appropriations and Taxes	**-1 211.6**	**-1 350.8**
Appropriations	368.2	147.8
Income tax expense	2.9	-1.2
Net Loss for the Period	**-840.5**	**-1 204.2**

Parent Company Balance Sheet

Assets

	As at 31 December	
EUR million	**2009**	**2008**
Fixed Assets and Other Long-term Investments		
Intangible assets	44.3	68.7
Tangible assets	906.1	1 373.6
Shares in Group companies	8 602.9	8 746.2
Other investments	698.1	1 066.5
	10 251.4	**11 255.0**
Current Assets		
Inventories	414.8	583.8
Short-term receivables	1 093.8	1 505.5
Cash and cash equivalents	723.5	145.3
	2 232.1	**2 234.6**
Total Assets	**12 483.5**	**13 489.6**

Shareholders' Equity and Liabilities

	As at 31 December	
EUR million	**2009**	**2008**
Share capital	1 342.2	1 342.2
Share premium fund	3 638.8	5 484.7
Reserve fund	-	353.9
Invested non-restricted equity fund	2 042.1	-
Retained earnings	-410.8	793.5
Net loss for the period	-840.5	-1 204.2
	5 771.8	**6 770.1**
Appropriations	**250.6**	**617.0**
Provisions	**55.1**	**50.9**
Long-term Liabilities	**2 789.8**	**2 620.2**
Current Liabilities	**3 616.2**	**3 431.4**
Total Shareholders' Equity and Liabilities	**12 483.5**	**13 489.6**

Parent Company Cash Flow Statement

	Year Ended 31 December	
EUR million	**2009**	**2008**
Cash Provided by Operating Activities		
Net loss for the period	-840.5	-1 204.2
Reversal of non-cash items:		
Taxes	-2.9	1.2
Appropriations	-368.2	-147.8
Extraordinary items	64.6	-
Depreciation and value adjustments	543.9	345.2
Profit/losses on sale of fixed assets	-8.9	608.9
Net financial income	635.0	427.1
Interest received	47.8	99.9
Interest paid net of amounts capitalised	-128.7	-227.5
Dividends received	19.0	1 041.1
Other financial items net	-41.3	-173.5
Income taxes paid	2.9	21.5
Change in net working capital	340.1	-108.8
Net Cash Provided by Operating Activities	**262.8**	**683.1**
Cash Flow from Investing Activities		
Investment in subsidiary shares	-118.7	-67.9
Investment in shares in other companies	-5.6	-1.6
Capital expenditure	-122.8	-139.9
Proceeds from disposal of subsidiary shares	32.0	167.5
Proceeds from disposal of shares in equity accounted investments	-	0.4
Proceeds from disposal of shares in other companies	1.4	2.4
Proceeds from sale of fixed assets	53.8	5.4
Proceeds from (payment of) long-term receivables net	216.3	-30.2
Net Cash Used in Investing Activities	**56.4**	**-63.9**
Cash Flow from Financing Activities		
Proceeds from (payment of) long-term liabilities net	453.3	-523.2
Proceeds from (payment of) short-term borrowings net	-0.2	-872.2
Group's contributions paid and received	-	109.9
Capital repayment / divident per share paid/declared	-157.7	-354.9
Net Cash Used in Financing Activities	**295.4**	**-1 640.4**
Net Increase (Decrease) in Cash and Cash Equivalents	**614.6**	**-1 021.2**
Translation adjustment	5.5	-
Cash from merged companies	15.3	-8.5
Cash and cash equivalents at start of year	510.1	1 539.8
Cash and Cash Equivalents at Year End	**1 145.5**	**510.1**

Proposal for the Distribution of Funds

The Board of Directors proposes to the Annual General Meeting ("AGM") that the parent company's loss for the accounting period last ended and the losses from previous periods evidenced in the parent company's balance sheet, in aggregate EUR 1 251 265 583.67 be covered through the decrease of the parent company's fund for invested unrestricted equity with the same amount.

The parent company's distributable shareholders' equity at 31 December 2009 amounted to EUR 790 826 716.53 taking into account the loss for the period ended on 31 December 2009. The Board of Directors further proposes to the AGM of the Company that EUR 0.20 per share, a maximum aggregate of EUR 157 907 699.80, be distributed to the shareholders from the parent company's fund for invested unrestricted equity as follows:

Distribution of EUR 0.20 per share to be distributed on 789 538 499 shares	EUR 157 907 699.80
Remaining in distributable shareholders' equity	EUR 632 919 016.73*
	EUR 790 826 716.53

*invested unrestricted equity fund

There have been no adverse material changes in the parent company's financial position since 31 December 2009. The liquidity of the parent company remains good and the proposed distribution does not jeopardize the financial standing of the company.

Helsinki, 3 February 2010

Claes Dahlbäck
Chairman

Ilkka Niemi
Vice Chairman

Gunnar Brock

Dominique Hériard Dubreuil

Birgitta Kantola

Juha Rantanen

Hans Stråberg

Matti Vuoria

Marcus Wallenberg

Auditor’s Report

To the Annual General Meeting of Stora Enso Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Stora Enso Oyj for the financial period 1.1.–31.12.2009. The financial statements comprise of the consolidated income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company’s income statement, balance sheet, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the Chief Executive Officer shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company’s financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Chief Executive Officer have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company’s financial statements and the report of the Board of Directors

In our opinion, the financial statements together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions

The consolidated financial statements and the parent company’s financial statements can be adopted and the members of the Board of Directors and the Chief Executive Officer can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki, 24 February 2010

Deloitte & Touche Oy
Authorized Public Audit Firm

Mikael Paul
APA

Capacities by Mill in 2010

Newsprint and Book Paper

Mill	Location	Grade	Capacity 1 000 t
Anjala	FIN	Impr. news, book	435
Hylte	SWE	News	855
Kvarnsveden	SWE	News, impr. news	470
Langerbrugge	BEL	News, impr. news, dir.	400
Maxau	GER	News	195
Sachsen	GER	News, directory	345
Varkaus	FIN	Dir, impr. news, news	290
Total			**2 990**

Magazine Paper

Mill	Location	Grade	Capacity 1 000 t
Arapoti	BRA	LWC	185
Corbehem	FRA	LWC	330
Dawang	CHN	SC	170
Kabel	GER	LWC, MWC, HWC	480
Kotka	FIN	MFC	185
Kvarnsveden	SWE	SC	550
Langerbrugge	BEL	SC	155
Maxau	GER	SC	530
Veitsiluoto	FIN	LWC, MWC	450
Total			**3 035**

Fine Paper

Mill	Location	Grade	Capacity 1 000 t
Nymölla	SWE	WFU	500
Oulu	FIN	WFC	1085
Suzhou	CHN	WFC	235
Uetersen	GER	WFC	315
Varkaus	FIN	WFU	290
Veitsiluoto	FIN	WFU	570
Total			**2 995**

Consumer Board

Mill	Location	Grade	Capacity 1 000 t
Consumer Board			
Barcelona	ESP	WLC	170
Fors	SWE	FBB	395
Imatra	FIN	SBS, FBB, LPB	1 080
Ingerois	FIN	FBB	210
Skoghall	SWE	LPB, FBB, WTL	760
Total			**2 615**
Plastic coating plants			
Forshaga	SWE	Plastic coating	115
Imatra	FIN	Plastic coating	240
Karhula	FIN	Plastic coating	45
Total			**400**

Industrial Packaging

Mill	Location	Grade	Capacity 1 000 t
Containerboards			
Heinola	FIN	SC fluting	300
Ostrołęka	POL	Testliner, RCP fluting, sack paper, wrapping paper	270
Total			**570**
Laminating Papers			
Imatra	FIN	Laminating papers	25
Kotka	FIN	Laminating papers, Imprex core stock.	170
Total			**195**
Coreboard			
Pori	FIN	Coreboard	115
Soustre	FRA	Coreboard	90
Wisconsin Rapids	USA	Coreboard	75
Total			280
Total Industrial Packaging			**1 045**

Further Processing

Corrugated Packaging			Capacity million m²
Arzamas	RUS	Corrugated packaging	130
Balabanovo	RUS	Corrugated packaging	150
Balabanovo offset	RUS	Corrugated packaging	30
Heinola	FIN	Corrugated packaging	130
Jönköping	SWE	Corrugated packaging	90
Kaunas	LIT	Corrugated packaging	30
Komarom	HUN	Corrugated packaging	30
Lahti	FIN	Corrugated packaging	80
Łódź	POL	Corrugated packaging	125
Lukhovitsy	RUS	Corrugated packaging	130
Mosina	POL	Corrugated packaging	30
Ostrołęka	POL	Corrugated packaging	120
Páty	HUN	Corrugated packaging	30
Riga	LAT	Corrugated packaging	110
Ruovesi	FIN	Corrugated packaging	20
Skene	SWE	Corrugated packaging	90
Tallinn	EST	Corrugated packaging	20
Tiukka	FIN	Corrugated packaging	20
Tychy	POL	Corrugated packaging	120
Vikingstad	SWE	Corrugated packaging	50
Total			**1 535**

Industrial Packaging – continued

Core factories	Location	Grade	Capacity 1 000 t
China	CHN	Cores	55
Corenso Edam	NLD	Cores	10
Corenso Elfes	GER	Cores	35
Corenso Poland	POL	Cores	6
Corenso Svenska	SWE	Cores	35
Corenso Tolosana	ESP	Cores	15
Corenso UK	GBR	Cores	30
Imatra	FIN	Cores	7
Loviisa	FIN	Cores	22
Pori	FIN	Cores	13
Wisconsin Rapids	USA	Cores	25
Total			**253**

Wood Products

Mill	Location	Sawing Capacity 1 000 m³	Further Processing Capacity 1 000 m³	Pellet capacity 1 000 t
Ala	SWE	405	40	-
Alytus	LIT	165	90	-
Amsterdam	NLD	-	110	-
Bad St Leonhard	AUT	390	270	-
Brand	AUT	420	280	-
Gruvön	SWE	420	150	100
Honkalahti	FIN	310	100	-
Imavere	EST	400	170	-
Impilahti	RUS	130	-	25
Kitee	FIN	260	120	-
Kopparfors	SWE	310	150	160
Kotka	FIN	250	50	-
Launkalne	LAT	215	-	-
Murow	POL	70	20	-
Nebolchi	RUS	220	20	25
Näpi	EST	75	100	-
Pfarrkirchen	GER	-	150	-
Planá	CZE	320	250	-
Sollenau	AUT	300	250	-
Uimaharju	FIN	280	30	-
Varkaus	FIN	260	100	-
Veitsiluoto	FIN	200	-	-
Ybbs	AUT	530	400	-
Zdírec	CZE	470	260	-
Total		**6 400**	**3 110**	**310**

Chemical Pulp

Mill	Location	Grade	Segment	Capacity 1 000 t
Enocell	FIN	Short and long-fibre	Packaging	530
Kaukopää	FIN	Short and long-fibre	Packaging	845
Kotka	FIN	Long-fibre	Packaging	170
Nymölla	SWE	Short and long-fibre	Fine Paper	330
Ostrołeka	POL	Long-fibre	Packaging	105
Oulu	FIN	Long-fibre	Fine Paper	345
Skoghall	SWE	Long-fibre	Packaging	355
Skutskär	SWE	Short, long-fibre and fluff pulp	Publication Paper	540
Sunila	FIN	Long-fibre	Publication Paper	370
Tainionkoski	FIN	Short and long-fibre	Packaging	180
Varkaus	FIN	Short and long-fibre	Fine Paper	220
Veitsiluoto	FIN	Short and long-fibre	Fine Paper	390
Total				**4 380**

Associated companies

Mill	Location	Grade	Capacity 1 000 t
Veracel (50%)	BRA	Short-fibre (euca)	555

Total Chemical Pulp	**4 935**
of which market pulp*	1 200

* Market pulp defined as dried pulp shipped out from the mill to external customers

Deinked Pulp (DIP)

Mill	Location	Grade	Segment	Capacity 1 000 t
Hylte	SWE	DIP	Publication Paper	460
Langerbrugge	BEL	DIP	Publication Paper	650
Maxau	GER	DIP	Publication Paper	300
Sachsen	GER	DIP	Publication Paper	430
Total				**1 840**

CTMP

Mill	Location	Grade	Segment	Capacity 1 000 t
Fors	SWE	CTMP	Packaging	185
Kaukopää	FIN	CTMP	Packaging	220
Skoghall	SWE	CTMP	Packaging	270
Total				**675**

Abbreviations used in the tables:

LWC	light-weight coated paper	WFU	wood free uncoated	LPB	liquid packaging board
SC	super-calendered paper	WFC	wood free coated	WTL	white top liner
MWC	medium-weight coated paper	FBB	folding boxboard	RCP	recovered paper
HWC	heavy-weight coated paper	WLC	white lined chipboard	DIP	deinked pulp
MFC	machine-finished coated paper	SBS	solid bleached sulphate board	CTMP	chemi-thermo-mechanical pulp

The formula: (Sum of net saleable production of two best consecutive months / Available time of these two consecutive months) x Available time of the year

Calculation of Key Figures

Return on capital employed, ROCE (%) $= 100 \times \dfrac{\text{Operating profit}}{\text{Capital employed}^{1)\,2)}}$

Return on operating capital, ROOC (%) $= 100 \times \dfrac{\text{Operating profit}}{\text{Operating capital}^{1)\,2)}}$

Return on equity, ROE (%) $= 100 \times \dfrac{\text{Profit before tax and non-controlling items – taxes}}{\text{Total Equity}^{2)}}$

Equity ratio (%) $= 100 \times \dfrac{\text{Total Equity}}{\text{Total assets}}$

Interest-bearing net liabilities = Interest-bearing liabilities – interest-bearing assets

Debt/Equity ratio $= \dfrac{\text{Interest-bearing net liabilities}}{\text{Equity}}$

1) Capital employed = Operating capital – Net tax liabilities
2) Average for the financial period

Information for Shareholders

AGM and capital distribution in 2010

19 March	Record date for AGM
31 March	Annual General Meeting (AGM)
1 April	Ex-date
7 April	Record date for capital distribution
20 April	Capital distribution payment effective

Annual General Meeting (AGM)

Stora Enso Oyj's AGM will be held at 16.00 (Finnish time) on Wednesday 31 March 2010 at the Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

Distribution of funds

The Board of Directors proposes to the AGM that EUR 0.20 per share be distributed to the shareholders from the invested non-restricted equity fund of the parent company for the fiscal year ending 31 December 2009. The distribution of funds payable on shares registered with Euroclear Sweden will be forwarded by Euroclear Sweden AB and paid in Swedish krona. The funds payable to ADR holders will be forwarded by Deutsche Bank Trust Company Americas (DBTCA) and paid in US dollars.

Publication dates for 2010

4 February	Financial results for 2009
25 February	Annual Report 2009
22 April	Interim Review for January–March
22 July	Interim Review for January–June
27 October	Interim Review for January–September

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Hard talk about Global Responsibility

Using paper = cutting down rainforests. True or False?

This and other interesting topics discussed at our new interactive website available online in April 2010. Take a look at how we see our role as a globally responsible company, learn to build a tree plantation and test your habits as a sustainable consumer.
www.storaenso.com/globalresponsibility

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Stora Enso 2009

Focuses on Stora Enso and its financial performance, and provides an overview of developments relating to the company's business areas and increased presence in the new growth markets of Brazil, Uruguay and China.

Sustainability Performance 2009

Describes Stora Enso's sustainability activities as they relate to its mills, stakeholders, wood and fibre sourcing, environmental practices, climate action, social responsibility and product responsibility. This report follows the Global Reporting Initiative's (GRI) guidelines.

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