



ARTICLES OF ASSOCIATION OF UPM-KYMMENE OYJ

§1 NAME AND DOMICILE OF THE COMPANY

The name of the Company is UPM-Kymmene Oyj, in English UPM-Kymmene Corporation, and its domicile is Helsinki.

§2 FIELD OF ACTIVITY

The Company's field of activity is to engage, either directly or through its subsidiaries, in the forest, packaging, chemical, engineering, marine technology and energy production industries as well as in other business operations related to these, to own and administer real estate and shares as well as other securities, to engage in other investment activities, and to act as the parent company of the group that it forms.

§3 SHARES

The Company's shares are included in the book-entry system for securities.

§4 BOARD OF DIRECTORS

The Company has a Board of Directors, which is responsible for the Company's administration and operational organisation in an appropriate manner.

The Board of Directors consists of no fewer than five (5) and no more than twelve (12) members. The Board of Directors shall elect the Chairman and one Deputy Chairman from among its members.

The term of office of a board member shall begin at the end of the meeting at which he or she is elected and end at the end of the Annual General Meeting following the election.

The Board of Directors constitutes a quorum when more than half of its members are present and one of them is the Chairman or the Deputy Chairman.

The Board of Directors may set up special committees, the charters of which shall be approved by the Board.

§5 MANAGING DIRECTOR

The Managing Director is responsible for the routine administration of the Company in accordance with the instructions and orders issued by the Board of Directors.

§6 RIGHT OF REPRESENTATION

The Chairman of the Board of Directors and the Managing Director, each alone, and two members of the Board of Directors together have the right to represent the Company.

The Board of Directors may grant the right to represent the Company to a named person.

§7 FINANCIAL PERIOD

The Company's financial period is the calendar year.

§8 AUDITOR

The Annual General Meeting shall elect one (1) Auditor to examine the administration and accounts of the Company. The Auditor shall be a firm of public accountants authorised by the Central Chamber of Commerce.

The term of office of the Auditor shall end at the end of the first Annual General Meeting following the election.

§9 REGISTRATION TO A GENERAL MEETING OF SHAREHOLDERS

To be eligible to participate in a General Meeting of Shareholders, a shareholder shall register with the Company within the period specified in the notice of the meeting, which may be no earlier than ten (10) days prior to the meeting.

§10 NOTICE OF THE GENERAL MEETING OF SHAREHOLDERS

The notice of the General Meeting of Shareholders shall be published on the Company's website and in one or more daily newspapers published in Helsinki no earlier than three (3) months prior to the closing date referred to in §9 and no later than three (3) weeks prior to the General Meeting of Shareholders, but in any case at the latest nine (9) days before the record date referred to in Section 2, Subsection 2 of the Chapter 4 of the Finnish Companies Act.

§11 ANNUAL GENERAL MEETING

The Annual General Meeting shall be held within six (6) months of the end of the financial period.

The Annual General Meeting shall:

be presented with

- 1) the Financial Statements and the Report of the Board of Directors
- 2) the Auditors' Report

decide on

- 3) the adoption of the Financial Statements
- 4) the use of the profit shown on the adopted balance sheet
- 5) the release of the members of the Board of Directors and the Managing Director from personal liability
- 6) the remuneration of the Board of Directors and the Auditors
- 7) the number of members of the Board of Directors

elect

- 8) the members of the Board of Directors
- 9) the Auditor, and

deal with

- 10) any other matters mentioned in the notice of the meeting.

§12 OBLIGATION TO REDEEM SHARES IN DIFFERENT VOTING RIGHT SITUATIONS

A shareholder who owns, either alone or jointly with other shareholders as defined hereinafter, a proportion of the total shares of the Company or of the voting rights carried by the shares equal to or in excess of 33 1/3 per cent or 50 per cent (shareholder subject to redemption obligation), shall, at the request of other shareholders (shareholders entitled to redemption), be liable to redeem, in the manner prescribed in this Article, their shares and any securities that, under the Companies Act, carry the right to such shares. What is stated in this Article on shares and securities shall also apply to book-entry securities.

In calculating the proportion of the Company's shares held by a shareholder and the votes carried by these shares, the following shares shall also be included:

- 1) shares held by a corporation which, under the Companies Act, forms part of the same group as the shareholder,
- 2) shares held by a company which, in compiling the annual accounts in accordance with the Bookkeeping Act, is regarded as forming part of the same group as the shareholder,
- 3) shares held by a pension foundation or pension fund of the corporations or companies referred to above, and
- 4) shares held by a non-Finnish corporation or company which, were it Finnish, would form part of the same group as the shareholder, in the manner referred to above.

Where the redemption obligation is based on aggregate shareholdings or numbers of votes, the shareholders subject to redemption obligation shall be jointly and severally responsible for executing the redemption vis-à-vis the shareholders entitled to redemption. In such a situation, a redemption claim shall be considered to apply to all shareholders subject to redemption obligation even without separate claim.

Where two shareholders attain or exceed the ownership or voting limit which initiates the redemption obligation so that both become simultaneously liable, a shareholder entitled to redemption may claim redemption from each shareholder separately.

The redemption obligation shall not apply to shares, or to securities entitling to the shares, which a shareholder claiming redemption has acquired subsequent to the arising of the redemption obligation.

REDEMPTION PRICE

The redemption price of the shares shall be the higher of the following:

- 1) the weighted average trading price of the shares on the Helsinki Stock Exchange during the ten (10) trading days preceding the day on which the Company was notified by the shareholder subject to redemption obligation that his or her ownership had reached or exceeded the ownership or voting right limit referred to in the foregoing or, in the absence of the said notification or its failure to arrive within the term specified, the day on which the Company's Board of Directors otherwise learned of this;
- 2) the average price, weighted by the number of shares, which the shareholder subject to redemption obligation has paid for the shares he has purchased or otherwise acquired within the twelve months preceding the date referred to in paragraph 1) above.

If an acquisition affecting the average price is denominated in a foreign currency, the equivalent value in Finnish marks shall be calculated according to the Bank of Finland's official rate for the currency in question seven (7) days prior to the date on which the Board of Directors notifies shareholders of the redemption obligation.

The above provisions on the determination of the redemption price of the shares shall also be applied to other securities to be redeemed.

REDEMPTION PROCEDURE

A shareholder subject to redemption obligation shall, within seven (7) days of the date on which the redemption obligation has arisen, send written notification thereof to the Company's Board of Directors at the Company's address. The notification shall contain details of the number of shares owned by the shareholder subject to redemption obligation and of the number and prices of shares purchased or otherwise acquired by the shareholder subject to redemption obligation within the twelve (12) months preceding the notification. The notification shall also contain the address at which the shareholder subject to redemption obligation can be reached.

The Board of Directors shall notify the shareholders of the arising of the redemption obligation within 45 days of the receipt of the notification referred to above or, in the absence of such notification or where such notification fails to arrive within the term specified, of the date on which it has otherwise learned of such redemption obligation. The notice shall contain details of the date on which the redemption obligation has arisen and of the basis for determination of the redemption price, in so far as this is known to the Board of Directors, and of the date by which redemption claims shall at the latest be submitted. The notice to the shareholders shall be given in compliance with the provisions on the notice of a meeting of shareholders prescribed in §10 of these Articles of Association.

A shareholder entitled to redemption shall submit a written claim for redemption within 30 days of the Board of Directors' notification on the redemption obligation. The redemption claim, which shall be sent to the Company, shall indicate the number of shares and other securities covered by the claim. A shareholder claiming redemption shall at the same time furnish the Company with any share certificates or other documentary evidence of entitlement to the shares for surrendering to the shareholder subject to redemption obligation against the redemption price.

Where no claim is submitted in the manner described in the foregoing within the term specified, the shareholder shall forfeit his or her right to claim redemption in the redemption situation in question. A shareholder entitled to redemption shall have the right to withdraw his or her claim as long as redemption has not taken place.

On expiration of the term specified for shareholders entitled to redemption, the Board of Directors shall notify the shareholder subject to redemption obligation of the redemption claims submitted. The shareholder subject to redemption obligation shall, within 14 days of the receipt of the notice of the redemption claims, in the manner prescribed by the Company, pay the redemption price against the surrender of the shares and securities entitling

to shares or, where the shares to be redeemed are entered in the book-entry accounts of the shareholders in question, against a receipt issued by the Company. In such a case, the Company shall be responsible for entering the shares redeemed in the book-entry account of the redeeming shareholder without delay.

Where the redemption price is not paid within the term specified, a penal interest of 16 per cent per annum shall be calculated on the redemption price from the final date on which the redemption payment should have been made. Where the shareholder subject to redemption obligation has, in addition, failed to observe the notification provisions prescribed in the foregoing, a penal interest shall be calculated from the final date on which notification should have taken place.

Where a shareholder subject to redemption obligation fails to observe the provisions prescribed in this Article, the shares held by the shareholder, together with the shares taken into account as specified earlier in this Article for the purpose of calculating the proportion on which the redemption obligation is based, may be used for voting at a general meeting of shareholders only in so far as the voting rights carried by the shares represent less than one-third (1/3), or less than fifty (50) per cent, of the total voting rights carried by all the Company's shares.

OTHER PROVISIONS

The redemption obligation referred to in this Article shall not apply to a shareholder who is able to show that the ownership or voting right limit initiating a redemption obligation has been attained or exceeded prior to the entry of this provision of the Articles of Association in the Trade Register of Finland.

A resolution of a general meeting of shareholders to amend or delete the provisions contained in this Article shall be valid only when carried by shareholders representing no less than three-quarters of the votes cast and shares represented at the meeting.

Disputes arising out of the redemption obligation referred to in the foregoing, the related right to claim redemption, and the redemption price shall be resolved by arbitration proceedings in the Company's domicile in compliance with the provisions of the Arbitration Act (967/92). Finnish law shall be observed in the arbitration proceedings.