

RESOLUTION ON THE REMOVAL OF THE §12 OF THE ARTICLES OF ASSOCIATION
(Agenda item 16.4)

The Board of Directors proposes to the Annual General Meeting of UPM-Kymmene Corporation to be held on 5 April 2018 that the Annual General Meeting would decide to remove article 12 (Obligation to redeem shares in different voting right situations) from the Articles of Association.

The said article of the Articles of Association originates from the year 1996 and has been written with a view to broaden the ambit of the obligation of a shareholder to make a mandatory bid (“redemption”) compared to that of the then applicable law. The applicable EU Directive and subsequently enacted Finnish legislation resulted in a statutory obligation to coincide with that of article 12. This may consequently lead to two different and overlapping shareholder’s mandatory bid processes. The Board of Directors proposes that article 12 be removed from the Articles of Association as obsolete and difficult to apply in practice.

Helsinki, 31 January 2018

UPM-Kymmene Corporation

BOARD OF DIRECTORS

Annex: §12 of the Articles of Association – Obligation to redeem shares in different voting right situations

§12 of the Articles of Association of UPM-Kymmene Corporation

§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 General 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.