

Letter to shareholders

Dear Shareholder,

The year 2001 was challenging for the forest products industry. Weak demand was closely linked to the slowdown in the world economy, particularly in North America, and the de-stocking of inventories, which began during the fourth quarter of year 2000.

We are pleased to report that, despite these adversities, Stora Enso has reported satisfactory financial results. Our financial performance benefited from the various synergy programmes and the substantial production curtailments taken in order to bring production in line with market demand.

We believe that Stora Enso's strengths derive from the well functioning organisation, operational efficiency and synergy effects. In 2001 we were able to show that even in recessionary conditions we are able to create value.

The dividend of EUR 0.45 proposed by the Board is in line with the policy to distribute to shareholders over the long term one third of net profits.

The year 2002 is likely to be another challenging year. Both demand and our future financial performance will be conditional on the overall economic development. However, market sensitivity has increased, as production curtailments and de-stocking have emptied inventories. Once demand picks up, we will be in a good position to benefit from the full effect of the productivity synergies and internal development programmes that have been implemented during the past few years.

The acquisition of Consolidated Papers, Inc. in September 2000 was an important strategic decision. A strong leadership team is in place and operations have been assessed and streamlined to enhance productivity, quality and efficiencies. The integration process has been very successful although financially considerable scope for improvement remains. This should, however, be achieved once markets pick up and production volumes normalise.

In 2001 Stora Enso formulated its Principles for Corporate Social Responsibility. This marked an important milestone in our commitment to the value-creation process. In a time of intensified globalisation, growth must go hand in hand with responsible business conduct. Today, almost all Stora Enso's production is located in Europe and North America. Expanding the business to countries outside the traditional home area is demanding in terms of integrating local and corporate cultures. We intend to be responsible wherever we operate.

We have gained good rankings in sustainability-related issues when assessed by external institutions. Stora Enso has been included in the Dow Jones Sustainability Index since its establishment in 1999 and in the FTSE 4 Good, launched in summer 2001. These rankings show that the starting point for implementing the Principles is sound. It is, nevertheless, clear that there are areas that require a more consistent approach in order to secure continuous improvements. In this work we rely largely on well-established management systems, particularly Excellence 2005.

Stora Enso's report for 2001 looks different from its predecessors. It still focuses heavily on how we create value for shareholders, customers and other stakeholders. But the story is told in a new way, with strong

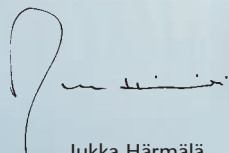
focus on the future. We feel that quarterly reporting has given an adequate picture of Company operations during the year. We have also wanted to create a compact report, making it easy for stakeholders to find the relevant information.


The report is printed on different qualities of papers, produced at mills that have EMAS-registration. The aim is to highlight the opportunities and characteristics the various papers offer for conveying messages. We have implemented our global but local philosophy by using locally-produced paper whenever this has been possible. For the first time, all three parts of the report are also produced in an inter-active web version.

We will continue to develop Stora Enso based on the efficient structure we have built. Our ambition is to be the leader in the forest products industry and create value for the success of shareholders, customers and employees alike.

Helsinki, 30 January 2002




Jukka Härmälä
CEO


Claes Dahlbäck
Chairman