

# Shares and Shareholders

## Share Capital

In accordance with the Articles of Association, the minimum share capital of Stora Enso Oyj (hereafter "Company" or "Stora Enso") 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 2004 the Company's fully paid-up share capital entered in the Finnish Trade Register was EUR 1 423.3 million. In December 2004, 114 series A shares were converted into series R shares. These shares were registered in the Finnish Trade Register on 17 January 2005.

## Changes in Share Capital 1998–2005

	No. of A Shares Issued	No. of R Shares Issued	Total No. of Shares	Share Capital (FIM million)	Share Capital (EUR million)
Enso Oyj, 1 Jan 1998	116 729 125	194 361 705	311 090 830	3 110.9	
Conversion of A shares into R shares, 7–11 Sep 1998	-1 357 954	1 357 954			
Conversion of STORA A and B shares into Stora Enso Oyj A and R shares, 23 Dec 1998	128 023 484	320 465 375	448 488 859	1 374.0	
<b>Stora Enso Oyj, 31 Dec 1998</b>	<b>243 394 655</b>	<b>516 185 034</b>	<b>759 579 689</b>	<b>7 595.8</b>	
Conversion of A shares into R shares, 6–24 Sep 1999	-34 443 467	34 443 467			
Subscription of new R shares, 26 Oct 1999		30 000	30 000		
<b>Stora Enso Oyj, 31 Dec 1999</b>	<b>208 951 188</b>	<b>550 658 501</b>	<b>759 609 689</b>	<b>7 596.1</b>	
Subscription of new R shares, 26 Jan 2000		246 000	246 000		
Conversion of share capital into euro denomination, 4 May 2000					1 291.8
Share issue (Consolidated Papers, Inc.), new R shares in ADR form, 11 Sep 2000		167 367 577	167 367 577		284.5
Conversion of A shares into R shares, 16–27 Oct 2000	-14 454 732	14 454 732			
<b>Stora Enso Oyj, 31 Dec 2000</b>	<b>194 496 456</b>	<b>732 726 810</b>	<b>927 223 266</b>		<b>1 576.3</b>
Subscription of new R shares, 5 Jan 2001		312 000	312 000		
Subscription of new R shares, 16 Mar 2001		964 201	964 201		
Cancellation of repurchased shares, 9 Apr 2001	-910 600	-22 260 100	-23 170 700		-39.4
Subscription of new R shares, 29 May 2001		228 000	228 000		
Subscription of new R shares, 20 Jul 2001		773 522	773 522		
Conversion of A shares into R shares, 17–28 Sep 2001	-9 312 271	9 312 271			
Subscription of new R shares, 17 Oct 2001		238 287	238 287		
Subscription of new R shares, 29 Nov 2001		184 723	184 723		
<b>Stora Enso Oyj, 31 Dec 2001</b>	<b>184 273 585</b>	<b>722 479 714</b>	<b>906 753 299</b>		<b>1 541.5</b>
Subscription of new R shares, 10 Jan 2002		1 158 000	1 158 000		
Cancellation of repurchased shares, 3 Apr 2002	-813 200	-7 319 800	-8 133 000		-13.8
Conversion of A shares into R shares, 16–27 Sep 2002	-1 143 700	1 143 700			
<b>Stora Enso Oyj, 31 Dec 2002</b>	<b>182 316 685</b>	<b>717 461 614</b>	<b>899 778 299</b>		<b>1 529.6</b>
Subscription of new R shares, 9 Jan 2003		3 000	3 000		
Cancellation of repurchased shares, 31 Mar 2003	-93 800	-35 500 000	-35 593 800		-60.5
Subscription of new R shares, 12 Dec 2003		75 000	75 000		
Conversion of A shares into R shares	-1 011 805	1 011 805			
<b>Stora Enso Oyj, 31 Dec 2003</b>	<b>181 211 080</b>	<b>683 051 419</b>	<b>864 262 499</b>		<b>1 469.3</b>
Subscription of new R shares, 8 Jan 2004		27 000	27 000		
Subscription of new R shares, 15 Jan 2004		195 000	195 000		
Subscription of new R shares, 4 Mar 2004		75 000	75 000		
Cancellation of repurchased shares, 5 Apr 2004	-8 100	-27 800 000	-27 808 100		-47.3
Subscription of new R shares, 8 Apr 2004		492 000	492 000		
Conversion of A shares into R shares, Jan–Nov 2004	-2 154 457	2 154 457			
<b>Stora Enso Oyj, 31 Dec 2004</b>	<b>179 048 523</b>	<b>658 194 876</b>	<b>837 243 399</b>		<b>1 423.3</b>
Conversion of A shares into R shares, Dec 2004	-114	114			
<b>Stora Enso Oyj, 17 Jan 2005</b>	<b>179 048 409</b>	<b>658 194 990</b>	<b>837 243 399</b>		<b>1 423.3</b>

## Shares and Voting Rights

The Company's shares are divided into series A and series R shares. All shares carry equal rights to dividend but different voting rights. At a shareholders' meeting, each A share and each ten R shares carry one vote. However, each shareholder has at least one vote. On 31 December 2004 the total number of shares was 837 243 399 and the number of votes 244 868 011.

## Share Listings

Stora Enso shares are listed on the Helsinki and Stockholm stock exchanges. The R shares are also listed in ADR form on the New York Stock Exchange. On 27 September 2004 the trading systems of the Helsinki and Stockholm stock exchanges were merged. At the request of the Stockholm Stock Exchange, Stora Enso EUR A and Stora Enso EUR R shares were delisted from the Stockholm Stock Exchange. As a result, Stora Enso's shares are quoted in Helsinki in euros (EUR), in Stockholm in Swedish krona (SEK) and in New York in US dollars (USD).

## American Depositary Receipts (ADRs)

Stora Enso R shares are traded on the New York Stock Exchange (NYSE) in ADR form under the SEO ticker. ADR issuances and cancellations are carried out by Deutsche Bank Trust Company Americas, which acts as depositary bank for the Stora Enso ADR programme. The administration of the ADR programme was transferred to Deutsche Bank Trust Company Americas from Citibank, N.A. in January 2004.

The exchange rate between Stora Enso ADRs and R shares is 1:1, i.e. one ADR represents one Stora Enso R share. In 2004 the trading volume on the NYSE was approximately 2% of the total trading volume on all three exchanges.

## Share Registers

The Company's shares are entered in the Book-Entry Securities System maintained by the Finnish Central Securities Depository (APK), which also maintains the official share register of Stora Enso Oyj. On 31 December 2004, 166 161 843 of the Company's shares were registered in the Swedish Securities Register Center as VPC-shares and 69 672 387 of the Company's R shares were registered in ADR form in Deutsche Bank Trust Company Americas.

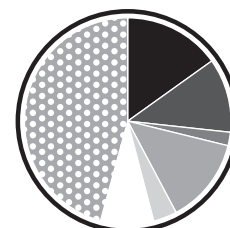
### Distribution by Book-Entry System, 31 December 2004

Number of Shares	A shares	R shares	Total
FCSD-registered (Finnish Central Securities Depository)	104 917 527	496 491 642	601 409 169
VPC-registered (Swedish Securities Register Center)*	74 130 996	92 030 847	166 161 843
Deutsche Bank administered ADRs*	-	69 672 387	69 672 387
FCSD waiting list	-	-	-
FCSD joint account	-	-	-
<b>Total</b>	<b>179 048 523</b>	<b>658 194 876</b>	<b>837 243 399</b>

\* VPC-registered shares and ADRs are both nominee registered in the FCSD.

### Ownership Distribution, 31 December 2004

	% of Shares	% of Votes	% of Shareholders	% of shares held
● Finnish institutions	15.1	22.0	2.6	
● Finnish State	11.6	24.4	0.0	
● Finnish private shareholders	2.1	1.9	32.8	
● Swedish institutions	13.4	30.1	2.9	
● Swedish private shareholders	3.7	2.9	57.1	
○ ADR holders	8.3	2.8	3.6	
⊗ Under nominee names (non-Finnish/non-Swedish shareholders)	45.8	15.9	1.0	



## Share Distribution, 31 December 2004

By Size of Holding, A shares	Shareholders	%	Shares	%
1-100	2 309	35.99	127 977	0.07
101-1 000	3 377	52.63	1 321 404	0.74
1 001-10 000	677	10.55	1 725 703	0.96
10 001-100 000	44	0.69	1 018 183	0.57
100 001-1 000 000	2	0.03	914 900	0.51
1 000 001-	7	0.11	173 940 356	97.15
<b>Total</b>	<b>6 416</b>	<b>100.0</b>	<b>179 048 523</b>	<b>100.0</b>

By Size of Holding, R shares	Shareholders	%	Shares	%
1-100	5 166	24.18	362 784	0.06
101-1 000	12 356	57.83	5 463 539	0.83
1 001-10 000	3 415	15.98	9 517 187	1.45
10 001-100 000	324	1.52	9 330 899	1.42
100 001-1 000 000	85	0.40	28 913 860	4.39
1 000 001-	19	0.09	604 606 607	91.85
<b>Total</b>	<b>21 365</b>	<b>100.0</b>	<b>658 194 876</b>	<b>100.0</b>

According to the Finnish Central Securities Depository

### Conversion

During the year a total of 2 154 457 A shares were converted into R shares. The latest conversion was recorded in the Finnish Trade Register on 15 December 2004.

### Authorisations for 2004

The AGM on 18 March 2004 authorised the Board of Directors to repurchase and dispose of not more than 9 000 000 A shares and not more than 32 700 000 R shares in the Company. The number of shares repurchased could not exceed 5% of the votes or the share capital. The authorisation is valid up to and including 17 March 2005. The Board of Directors currently has no authorisations to issue shares, convertible bonds or bonds with warrants.

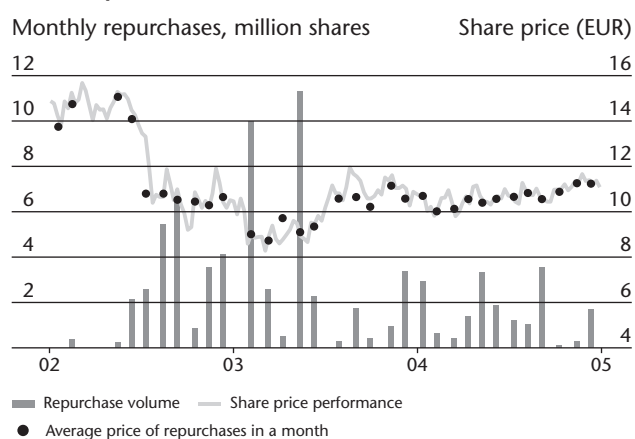
### Share Repurchases and Cancellations

The AGM on 18 March 2004 decided to lower the Company's share capital by EUR 47 273 770 through the cancellation of 8 100 A shares and 27 800 000 R shares. The shares had been repurchased under the authorisation of the AGM 2003.

Repurchases under the AGM 2004 authorisation were initiated on 31 March 2004. By 31 December 2004, 12 300 A shares and 14 889 400 R shares had been repurchased, representing 0.1% and 45.5% of the target amounts respectively. The average price paid for the A shares was EUR 10.65 and for the R shares EUR 10.78.

Shares can be repurchased for the purpose of developing the capital structure of the Company, to be used in the financing of corporate acquisitions and other transactions or for the purpose of being sold or otherwise transferred or cancelled. The cancellation of shares requires a separate resolution by a shareholders' meeting to reduce the share capital of the Company.

### Share Repurchases and Share Price Performance



## Incentive Programmes

### Share-Based Option Programmes

In 2004 Stora Enso established two new share-based option programmes for top 200 managers. The purpose of the programmes is to complement and replace 50% of the existing option programmes for these employees. The new programmes are synthetic share awards where designated employees may receive shares already issued (not new shares). The total number of shares that may be awarded under these two programmes is 652 500.

### Option/Synthetic Option Programmes


Stora Enso has six option/synthetic option programmes for key personnel. Options/synthetic options were issued in 1999, 2000, 2001, 2002, 2003 and 2004. Depending on local circumstances, holders may receive either cash compensation or an option to purchase shares already issued (not new shares).

### Warrants

A maximum of 3 000 000 new Stora Enso Series R shares were subscribed under the terms of the bonds with warrants issued to members of the senior management on 10 April 1997. According to the terms of the option programme, the exercise period was 1 December 1998 to 31 March 2004 and the subscription price FIM 45.57 (about EUR 7.66) each. The programme is fully subscribed and closed.

### Stora Enso North America Option Programme

Following the acquisition of Consolidated Papers, Inc. the Board of Directors decided to convert the Consolidated Papers' share option plans into Stora Enso share option plans. The options entitle the holder to either cash compensation or an option to subscribe for shares already issued (not new shares).

 Option programmes are described in detail in Note 28 on pages 97–99.

## Option Programmes

Option Programme	Type	Year of Issue	Number of Staff	Strike Price	Number of Options Issued	Number of Options Outstanding	Exercise Period
2004	Synthetic	2004	1 000	EUR 11.15	4 675 300	4 644 050	1 Mar 2007– 28 Feb 2011
2003	Synthetic	2003	1 000	EUR 10.00	6 064 150	5 945 400	8 Feb 2006– 7 Feb 2010
2002	Synthetic	2002	1 000	EUR 16.50	5 902 000	5 702 000	8 Feb 2005– 7 Feb 2009
2001	Synthetic	2001	500	EUR 11.70	4 215 000	3 995 000	1 Apr 2004– 31 Mar 2008
2000	Synthetic	2000	200	EUR 12.25	2 800 000	2 555 000	1 Apr 2003– 31 Mar 2007
1999	Synthetic	1999	200	EUR 11.75	2 750 000	2 532 750	15 Jul 2002– 15 Jul 2006
1997 (closed)	Warrants	1997	15	FIM 45.57 (EUR 7.66)	3 000 000	0	1 Dec 1998– 31 Mar 2004
North America	Stock options	2000	839	USD 6.9687 (EUR 5.51)	5 680 000	1 166 559	11 Sep 2000– 4 Feb 2010


### Management Interests at 31 December 2004

At the end of 2004 members of Stora Enso Oyj's Board of Directors, the CEO and the Deputy CEO owned an aggregate total of 75 278 Stora Enso shares, of which 15 221 were A shares. These shares represent 0.01% of the Company's share capital and 0.01% of the voting rights. The CEO holds 607 500 options/synthetic options and the Deputy CEO 498 750.

At the end of 2004 members of the Management Group owned a total of 181 372 shares. These shares represent 0.02% of the share capital and 0.02% of the voting rights. The Management Group holds 4 575 200 options/synthetic options.

### Shareholdings of Other Group-related Bodies at 31 December 2004

E.J. Ljungberg's Education Fund owned 1 880 540 A shares and 4 831 804 R shares, Mr. and Mrs. Ljungberg's Testamentary Fund 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.

 Further information on Board and Management Group ownerships is given in Notes 18 and 28 on pages 79 and 99, respectively.

## Shareholders

When shareholders with holdings of more than 5% of the shares or votes are excluded, the free float of shares is approximately 654 million, corresponding to 78% of the total number of shares issued. The largest single shareholder in the Company is the Finnish State.

At the end of 2004 the Company had approximately 76 000 registered shareholders, of which about 47 000 are Swedish shareholders and about 2 800 ADR holders. Each nominee register is entered in the share register as one shareholder. Approximately 590 million (71%) of the Company's shares were registered in the name of a nominee.

### Major Shareholders as of 31 December 2004

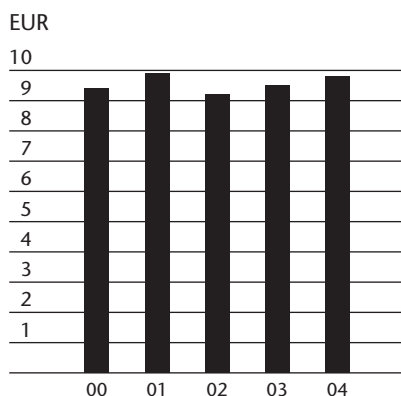
By Voting Power	Series A	Series R	% of Shares	% of Votes
1 Finnish State	55 595 937	41 483 501	11.6	24.4
2 Knut and Alice Wallenberg Foundation	58 379 194	0	7.0	23.8
3 Social Insurance Institution of Finland	23 825 086	3 738 965	3.3	9.9
4 Varma Mutual Pension Insurance Company	8 922 117	140 874	1.1	3.6
5 Sampo Life Insurance Company Limited	6 493 889	0	0.8	2.7
6 Marianne and Marcus Wallenberg Foundation	4 744 192	0	0.6	1.9
7 Ilmarinen Mutual Pension Insurance Company	3 492 740	3 197 262	0.8	1.6
8 MP-Bolagen i Vetlanda AB Werner von Seydlitz	2 440 200	1 615 000	0.5	1.1
9 Erik Johan Ljungberg's Education Fund	1 880 540	4 831 804	0.8	1.0
10 Suomi Mutual Life Assurance Company	1 026 300	100 000	0.1	0.4
11 Bergslaget's Healthcare Foundation	626 269	1 609 483	0.3	0.3
12 Kaleva Mutual Insurance Company	774 900	0	0.1	0.3
13 The State Pension Fund	0	7 300 000	0.9	0.3
14 Robur Funds	0	5 211 611	0.8	0.2
15 Lamar Mary (ADRs)	0	4 518 998	0.5	0.2
<b>Total</b>	<b>168 201 364</b>	<b>73 747 498</b>	<b>29.1</b>	<b>71.7</b>
<b>Nominee registered shares</b>	<b>74 612 647</b>	<b>515 796 036</b>	<b>70.5</b>	<b>51.5</b>

The list has been compiled by the Company on the basis of shareholder information obtained from the Finnish Central Securities Depository (APK), Swedish Securities Register Center (VPC) and a database managed by Deutsche Bank Trust Company Americas.

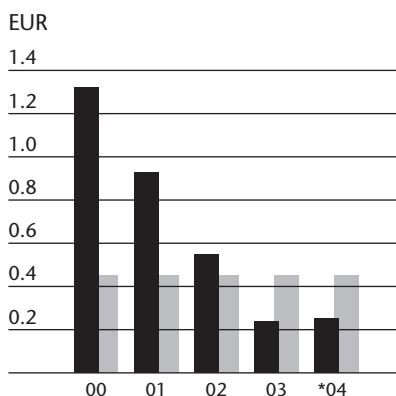
In February 2004 the Company was informed that the holding of the mutual funds managed by Franklin Resources, Inc. had exceeded 5% of the paid-up share capital.

At the year end Stora Enso had 179 048 523 A shares and 658 194 876 R shares in issue, of which the Company held 12 300 A shares and 16 794 931 R shares with a nominal value of EUR 28.6 million. The holding represents 2.0% of the Company's share capital and 0.7% of the voting rights.

### Equity per Share

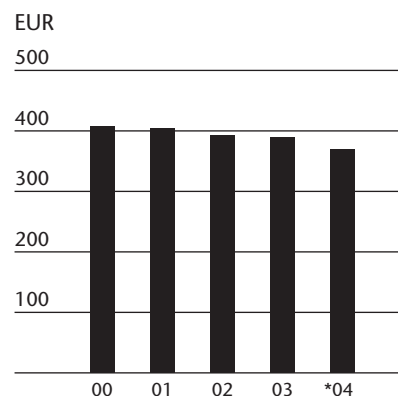


### Earnings and Dividend per Share



■ Earnings per share, excl. non-recurring items  
 ■ Dividend per share  
 \* Board's dividend proposal

### Distributed Dividend Amount

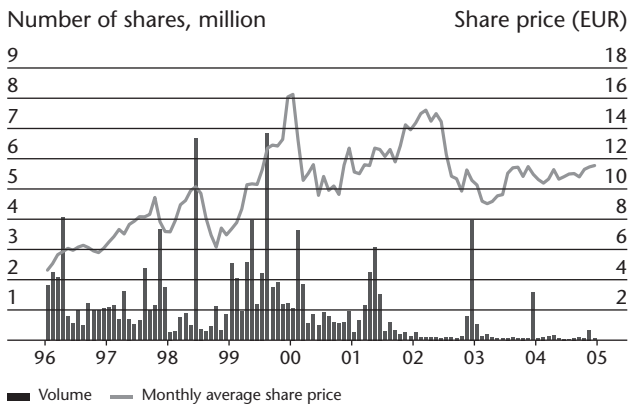


\* Board's dividend proposal

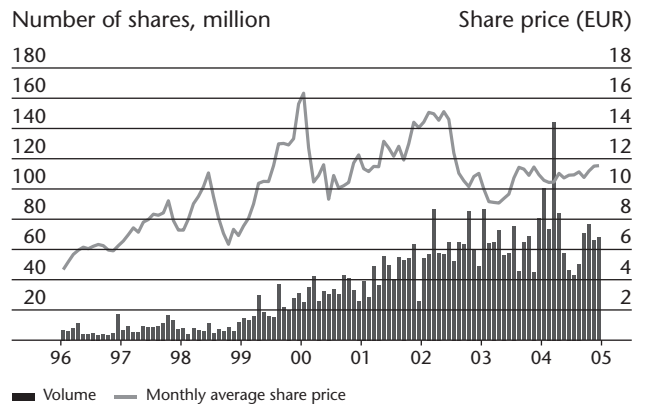
**Helsinki**

The Stora Enso R (STERV) share price rose during 2004 by 6% (6% increase in 2003). During the same period the HEX All-Share index rose by 2%, the Helsinki Portfolio index rose by 12% and the HEX Forest Industry index rose by 2%.

**Stora Enso A**



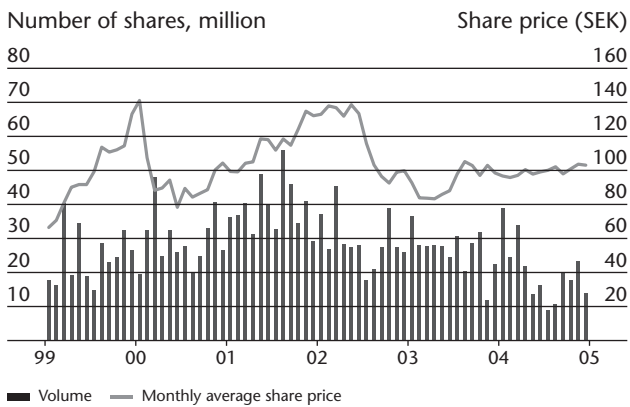
**Stora Enso R**



**Stockholm**

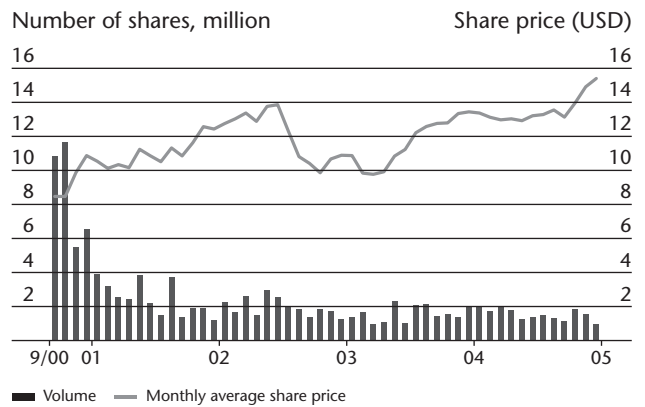
The Stora Enso R (STE R) share price rose during 2004 by 5% (7% increase in 2003). During the same period the Stockholmsbörsen All-Share index rose by 18% and the SX 15 Materials index by 2%.

**Stora Enso R**



**New York**

On the NYSE the Stora Enso ADR (SEO) share price rose during 2004 by 12% (30% increase in 2003). During the same period the Standard & Poor's Paper index rose by 8%.



## Share Prices and Volumes 2004

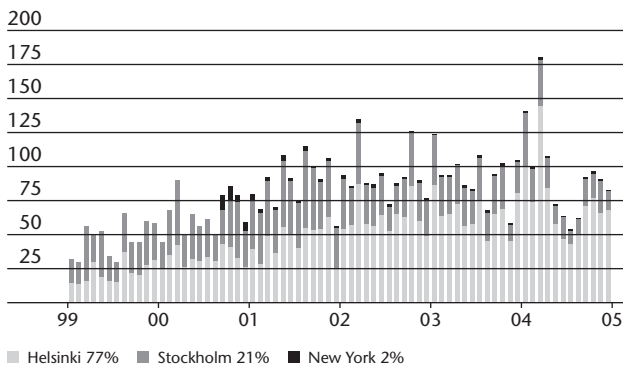
	Helsinki, EUR	Stockholm, SEK	New York, USD
High	Series A	12.15	108.50
	Series R	12.11	108.00
Low	Series A	10.00	91.50
	Series R	9.60	90.00
Closing, 31 Dec 2004	Series A	11.55	103.00
	Series R	11.27	96.50
Change from previous year	Series A	+5%	+6%
	Series R	+6%	+5%
Cumulative trading volume	Series A	1 202 805	1 967 469
	Series R	880 001 514	244 369 314

The volume-weighted average price of the R share over the year was EUR 11.50 in Helsinki (EUR 10.23 in 2003), SEK 99.39 in Stockholm (SEK 93.18 in 2003) and USD 13.51 in New York (USD 11.77 in 2003).

The cumulative trading volume of the R share in Helsinki was 880 001 514 shares (77% of total), in Stockholm 244 369 314 shares (21% of total) and in New York 18 433 700 shares (2% of total). Total market capitalisation in Helsinki at the year-end was EUR 9.5 billion.

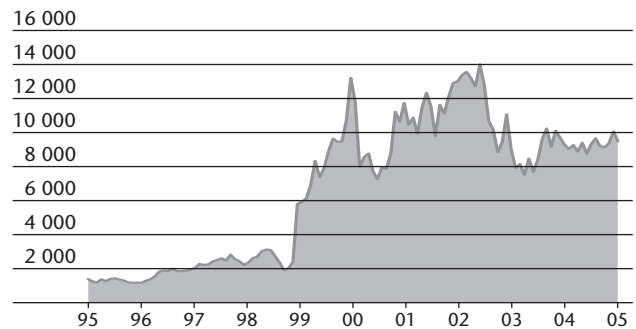
### Monthly R Share Trading Volumes 1999–2004

Number of shares, million



### Market Capitalisation on the Helsinki Stock Exchange

EUR million

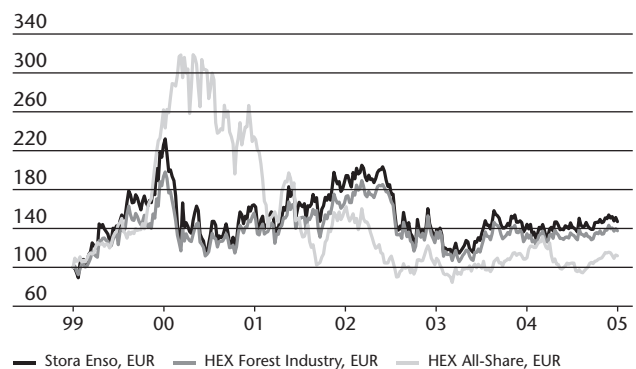


### Stora Enso is included in at least the following indices

- HEX All-Share Index
- OMX Helsinki 25
- HEX Portfolio Index
- HEX Forest Industry Index
- Stockholmsbörsen All-Share
- OMX Stockholm 30
- SX 15 Materials
- DJ STOXX 600
- DJ EURO STOXX Large and 600
- DJ STOXX Nordic 30
- DJ STOXX Ex UK Large
- DJ Sustainability Index World
- DJ Sustainability Index EURO STOXX
- FTSE Eurofirst 100
- FTSE Eurotop 300
- FTSE Norex 30
- FTSE Global Basic Industries
- FTSE4Good Global and Europe Index
- FTSE GEIS Global All-Cap
- MSCI Finland
- MSCI Europe
- MSCI World

### Stora Enso R Share versus HEX Indices

1.1.1999 = 100



**Key Share Ratios 1997–2004 (for calculations see page 113)**

According to Helsinki Stock Exchange	1997	1998	1999	2000	2001	2002	2003	2004
Earnings/share, EUR*	0.53	0.24	0.98	1.77	1.02	-0.27	0.16	0.89
-diluted, EUR*	0.53	0.24	0.98	1.76	1.02	-0.27	0.17	0.89
-excl. non-recurring items, EUR*	0.58	0.59	0.89	1.32	0.93	0.55	0.24	0.25
Cash earnings/share, EUR*	1.63	1.79	2.18	3.16	2.42	2.50	1.57	2.01
-diluted, EUR*	1.63	1.79	2.18	3.13	2.42	2.50	1.57	2.01
-excl. non-recurring items, EUR*	1.65	1.80	2.09	2.61	2.33	1.97	1.63	1.67
Equity/share, EUR*	7.28	6.94	7.84	9.41	9.90	9.22	9.49	9.81
Dividend/share, EUR*	0.33	0.35	0.40	0.45	0.45	0.45	0.45	0.45**
Payout ratio, excl. non-recurring items, %*	57	59	45	34	48	82	180	180
Dividend yield, %*								
A share	4.6	4.6	2.3	3.5	3.2	4.5	4.1	3.9
R share	4.6	4.6	2.3	3.6	3.1	4.5	4.2	4.0
Price/earnings ratio (P/E), excl. non-recurring items*								
A share	12.3	12.8	19.8	9.7	15.1	17.7	44.0	46.2
R share	12.2	13.0	19.4	9.5	15.3	17.6	42.7	45.1
Share prices for the period, EUR***								
A share								
-closing price	7.15	7.57	17.60	12.86	14.20	10.10	11.00	11.55
-average price	7.75	9.14	11.21	12.01	12.24	11.24	10.63	11.11
-high	9.86	11.77	17.60	18.70	15.50	16.00	12.48	12.15
-low	6.22	5.40	6.45	8.95	10.10	8.50	8.25	10.00
R share								
-closing price	7.10	7.67	17.31	12.60	14.38	10.05	10.68	11.27
-average price	7.97	8.35	11.84	11.27	12.57	12.86	10.23	10.89
-high	10.01	11.86	17.70	19.00	15.67	16.13	12.42	12.11
-low	6.17	5.30	6.60	8.70	10.12	8.41	8.30	9.60
Market capitalisation at year-end, EUR million***								
A share	834	1 842	3 677	2 501	2 617	1 841	1 993	2 068
R share	1 379	3 959	9 532	9 232	10 389	7 211	7 295	7 418
Total	2 214	5 801	13 209	11 733	13 006	9 052	9 288	9 486
Number of shares at the end of period, (thousands)***								
A share	116 729	243 395	208 951	194 496	184 274	182 317	181 211	179 049
R share	194 362	516 185	550 659	732 727	723 638	717 462	683 051	658 195
Total	311 091	759 580	759 610	927 223	907 912	899 779	864 262	837 244
Trading volume, (thousands)								
A share	16 321	12 749	28 349	12 917	10 737	5 875	2 937	1 203
% of total number of A shares****	9.4	-	12.1	6.7	5.8	3.2	1.6	0.7
R share	109 698	87 113	259 287	396 783	548 547	751 909	780 890	880 002
% of total number of R shares****	80.3	-	49.3	55.4	75.8	104.8	114.3	133.7
Average number of shares (thousands)								
-basic*	759 574	759 574	759 580	812 040	901 506	889 606	851 128	829 935
-diluted*	759 691	759 822	760 628	813 488	902 296	889 956	851 326	830 546

\* Proforma STORA and Enso figures for years 1997–1998. \*\* Board of Directors' proposal to the AGM. \*\*\* Figures based on market information are calculated from Enso Oyj's figures before 29 December 1998. \*\*\*\* 1998 figures are not available due to the merger on 29 December 1998, figures before 1998 are based on Enso Oyj's figures.