quarter one interim review

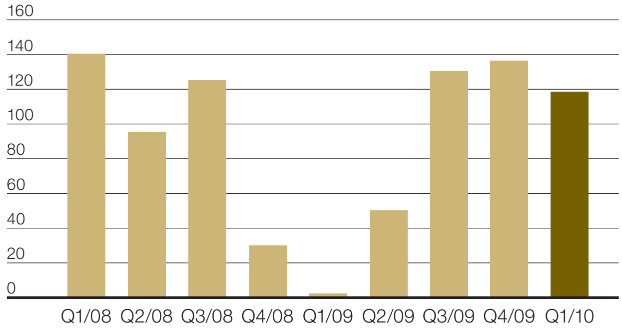
january–march 2010

Stora Enso in brief

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 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.

Operating profit by quarter

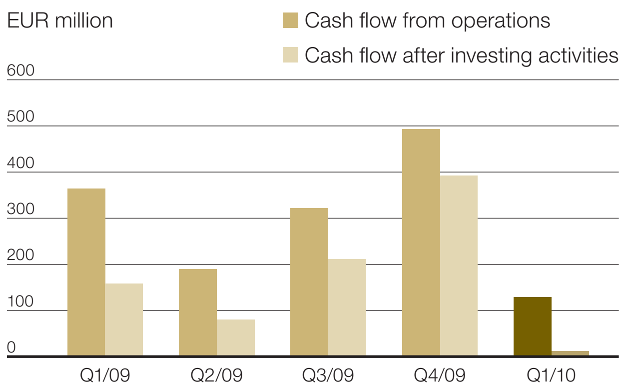
EUR million



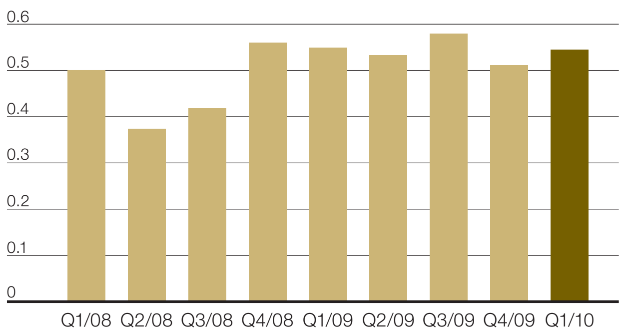
Continuing operations
Excluding non-recurring items and fair valuations

Cash flow

EUR million



Debt/equity



Total operations
Target ≤ 0.8

Stora Enso Interim Review January–March 2010

- Operating profit excluding NRI and fair valuations EUR 119 million, up year-on-year by EUR 116 million driven by volume recovery, active cost management and pulp price increase;
- Cash flow from operations EUR 119 million despite increase in working capital;
- Cash position remains very strong;
- Group's market pulp net capacity is about 900 000 tonnes for 2010;
- Group continues with active capacity and cost management, planned closure of two newsprint machines at Varkaus in Finland

Summary of First Quarter Results

		Q1/10	Q4/09	Q1/09
Sales	EUR million	2 295.9	2 398.8	2 130.5
EBITDA excl. NRI and fair valuations	EUR million	232.1	227.21	134.3
Operating Profit excl. NRI and Fair Valuations	**EUR million**	**119.4**	**137.5**	**3.0**
Operating profit/loss (IFRS)	EUR million	123.4	105.3	-0.9
Profit/loss before tax excl. NRI	EUR million	136.8	122.7	-82.1
Profit/loss before tax	EUR million	117.9	80.6	-48.1
Net profit/loss excl. NRI	EUR million	121.0	76.0	-60.2
Net profit/loss	EUR million	102.1	45.9	-36.1
EPS excl. NRI	EUR	0.15	0.09	-0.08
EPS	EUR	0.13	0.05	-0.05
CEPS excl. NRI	EUR	0.31	0.29	0.10
ROCE excl. NRI	%	7.2	7.5	-1.6
ROCE excl. NRI and fair valuations	%	6.0	7.0	0.1

1) see Key Figures table

Fair valuations include synthetic options net of realised and open hedges, CO2 emission rights, and valuations of biological assets related to forest assets in equity accounted investments.

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.

Markets

Compared with Q1/2009

In Europe market demand was slightly stronger than a year earlier for newsprint and magazine paper. Market demand was also stronger for fine paper and packaging products, especially consumer board, but unchanged for wood products as construction markets remained weak. Despite some progress, overall demand for all products remained materially less than pre-crisis levels two years ago.

In Europe market prices in local currencies were significantly lower than a year earlier for newsprint and magazine paper due to structural imbalance in supply and demand. Prices were also lower for fine paper and some consumer board and industrial packaging grades. Corrugated packaging prices were largely unchanged, whereas prices for RCP-based containerboard and wood products were substantially higher than a year ago.

Industry inventories were lower in newsprint, magazine paper, fine paper and wood products.

In Latin America market demand for coated magazine paper recovered significantly to pre-recession levels, but market prices were lower than a year ago. In China demand for uncoated magazine paper also recovered and prices remained unchanged, whereas market demand for coated fine paper improved and prices were substantially higher than a year ago.

Compared with Q4/2009

In Europe market demand was seasonally weaker than in the previous quarter for newsprint and magazine paper, slightly weaker for coated fine paper, better for uncoated fine paper and slightly improved for consumer board. Market demand was seasonally somewhat weaker for corrugated packaging and largely unchanged for other industrial packaging products. Market demand for wood products remained weak and unchanged, but market activity started to improve towards the end of the quarter.

In Europe market prices in local currencies decreased significantly for newsprint and magazine paper and were also slightly lower than in the previous quarter for coated fine paper. Uncoated fine paper prices remained unchanged, and consumer board prices were largely unchanged but started increasing during the quarter. Prices rose for industrial packaging and wood products.

Industry inventories generally remained low and were unchanged in newsprint and coated magazine paper, dropped even lower in coated fine paper, but were slightly up from very low levels in uncoated fine paper and wood products.

In Latin America market demand for coated magazine paper weakened somewhat due to the holiday season, but prices rose slightly. In China market demand and prices improved to some extent in uncoated magazine paper, whereas market demand was unchanged and prices continued to rise in coated fine paper.

Stora Enso Deliveries and Production

	Q1/10	Q4/09	Q1/09	Change % Q1/10–Q1/09	Change % Q1/10–Q4/09
Paper and board deliveries (1 000 tonnes)	2 519	2 744	2 343	7.5	-8.2
Paper and board production (1 000 tonnes)	2 675	2 587	2 363	13.2	3.4
Wood products deliveries (1 000 m^3)	1 149	1 298	1 113	3.2	-11.5
Corrugated packaging deliveries (million m^2)	250	255	228	9.6	-2.0

Q1/2010 Results

(compared with Q1/2009)

Sales at EUR 2 295.9 million were EUR 165.4 million higher than in the first quarter of 2009. Deliveries were clearly higher in all segments. Sales prices in local currencies were clearly higher in Wood Products and significantly lower in Newsprint and Magazine Paper.

Key figures

EUR million	Q1/10	Q4/09	Q1/09	2009	Change % Q1/10–Q1/09	Change % Q1/10–Q4/09
Sales	2 295.9	2 398.8	2 130.5	8 945.1	7.8	-4.3
EBITDA excl. NRI and fair valuations	232.1	227.2[1]	134.3	807.8[1]	72.8	2.2
Operating profit excl. NRI and fair valuations	119.4	137.5	3.0	320.5	n/m	-13.2
Operating profit/loss excl. NRI	142.3	147.4	-34.9	324.9	n/m	-3.5
Operating margin excl. NRI, %	6.2	6.1	-1.6	3.6	n/m	1.6
Operating profit/loss (IFRS)	123.4	105.3	-0.9	-607.6	n/m	17.2
Operating profit/loss, % of sales	5.4	4.4	0.0	-6.8	n/m	22.7
Profit/loss before tax and non-controlling interests excl. NRI	136.8	122.7	-82.1	194.2	266.6	11.5
Profit/loss before tax and non-controlling interests	117.9	80.6	-48.1	-886.8	n/m	46.3
Net profit/loss for the period excl. NRI	121.0	76.0	-60.2	153.2	n/m	59.2
Net profit/loss for the period	102.1	45.9	-36.1	-878.2	n/m	122.4
Capital expenditure	112.8	101.9	104.2	423.7	8.3	10.7
Depreciation and impairment charges excl. NRI	126.8	129.3	144.2	548.7	-12.1	-1.9
ROCE excl. NRI and fair valuations, %	6.0	7.0	0.1	3.9	n/m	-14.3
ROCE excl. NRI, %	7.2	7.5	-1.6	3.9	n/m	-4.0
Earnings per share (EPS) excl. NRI, EUR	0.15	0.09	-0.08	0.19	287.5	66.7
EPS (basic), EUR	0.13	0.05	-0.05	-1.12	n/m	160.0
Cash earnings per share (CEPS) excl. NRI, EUR	0.31	0.29	0.10	0.92	210.0	6.9
CEPS, EUR	0.30	0.28	0.12	0.35	150.0	7.1
Return on equity (ROE), %	7.8	3.6	-2.6	-16.2	n/m	116.7
Debt/equity ratio	0.54	0.51	0.55	0.51	-1.8	5.9
Equity per share, EUR	6.60	6.50	6.82	6.50	-3.2	1.5
Equity ratio, %	43.6	44.7	45.1	44.7	-3.3	-2.5
Average number of employees	27 245	27 612	29 695	28 696	-8.3	-1.3
Average number of shares (million)						
periodic	788.6	788.6	788.6	788.6	0.0	0.0
cumulative	788.6	788.6	788.6	788.6	0.0	0.0
cumulative, diluted	788.6	788.6	788.6	788.6	0.0	0.0

1) Restated (decreased EUR 14.9 million), no impact on other reported profit figures

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.

Reconciliation of Operating Profit

EUR million	Q1/10	Q4/09	Q1/09	2009	Change % Q1/10–Q1/09	Change % Q1/10–Q4/09
Profit/loss from operations, excl. NRI	105.2	101.7	-10.3	259.1	n/m	3.4
Equity accounted investments, operational, excl. fair valuations	14.2	35.8	13.3	61.4	6.8	-60.3
Operating Profit excl. NRI and Fair Valuations	**119.4**	**137.5**	**3.0**	**320.5**	**n/m**	**-13.2**
Fair valuations	22.9	9.9	-37.9	4.4	160.4	131.3
Operating Profit/Loss, excl. NRI	**142.3**	**147.4**	**-34.9**	**324.9**	**n/m**	**-3.5**
NRI	-18.9	-42.1	34.0	-932.5	-155.6	55.1
Operating Profit/Loss (IFRS)	**123.4**	**105.3**	**-0.9**	**-607.6**	**n/m**	**17.2**

Q1/2010 Results
(compared with Q1/2009) (continued)

Operating profit at EUR 119.4 million excluding non-recurring items and fair valuations was EUR 116.4 million higher than a year ago. Operating profit improved by EUR 55 million in Consumer Board, by EUR 47 million in Fine Paper and by EUR 29 million in Wood Products, slightly improved in Magazine Paper and Industrial Packaging, but deteriorated by EUR 23 million to an operating loss of EUR 1.6 million in Newsprint. In the segment Other there was an operating loss excluding non-recurring items and fair valuations of EUR 22.2 (EUR 21.3) million. The direct impact of stevedores' strike in Finland was approximately EUR 12 million on operating profit in the first quarter of 2010.

In the first quarter of 2010, the Group curtailed paper and board production by 12% and sawnwood production by 6% of capacity. Pulp production was not curtailed.

Lower sales prices in local currencies decreased the operating profit of Paper and Board segments by EUR 84 million. Higher sales prices in local currencies in Wood Products increased operating profit by EUR 29 million. Higher sales volumes increased operating profit by EUR 99 million. The positive impact of exchange rate trends on the sales prices of some EUR 34 million was partly offset by the negative impact of exchange rate trends on costs.

Higher fibre costs decreased Group operating profit by EUR 7 million. Lower other variable costs, including energy and chemicals, increased Group operating profit by EUR 48 million. There was an increase (EUR 17 million) in fixed costs. Lower depreciation improved operating profit by EUR 14 million. Deliveries of wood to the Group's mills were 22% more than a year earlier at 9.0 million cubic metres.

The share of the operational results of equity accounted investments, excluding non-recurring items and fair valuations, amounted to EUR 14.2 (EUR 13.3) million, with the largest contribution from Bergvik Skog and Tornator. Operating profit includes a net effect of EUR 22.9 (EUR -37.9) million for fair valuations related to the accounting of share-based compensation, Total Return Swaps (TRS), CO_2 emission rights and IAS 41 forest valuations in equity accounted investments.

Stora Enso has recorded EUR 19 million of non-recurring items in the first quarter of 2010, including a write-down of approximately EUR 23 million on the fixed assets and working capital of its Kotka Mills related to their planned divestment to OpenGate Capital and approximately EUR 4 million of profit on divestment of the Tolkkinen mill site. The closing sales consideration for Kotka Mills is subject to fair value changes and therefore the final outcome of the transaction is subject to change. The divestment of Kotka Mills is expected to be finalised by the end of the second quarter of 2010. The NRIs had no material impact on tax.

Net financial items were EUR -5.5 (EUR -47.2) million. Net interest expenses decreased from EUR 32.0 million to EUR 16.5 million, mainly due to lower interest rates. The Group has an interest rate risk policy of synchronising interest costs with earnings over the business cycle by swapping long-term fixed interest rates to short-term floating interest rates. Net foreign exchange gains on borrowings, currency derivatives and bank accounts amounted to EUR 11.1 (loss EUR 23.6) million. The net loss from other financial items amounted to EUR 0.1 (gain EUR 8.4) million, comprising income of EUR 1.4 million from payment-in-kind notes, fair valuation losses of EUR 0.7 million on interest rate swaps, fair valuation gains of EUR 0.1 million on long-term debt and other expenses of EUR 0.9 million.

Group capital employed was EUR 8 062.3 million on 31 March 2010, a net decrease of EUR 329.9 million due to fixed asset impairments, restructuring costs and decrease in working capital. Equity accounted investments increased.

Q1/2010 Results
(compared with Q4/2009)

Sales at EUR 2 295.9 million were EUR 102.9 million lower than the previous quarter's EUR 2 398.8 million due to lower sales prices in local currencies in Newsprint and Magazine Paper and slightly lower sales volumes in all segments except Consumer Board and Industrial Packaging. Sales prices increased in Industrial Packaging and Wood Products, and the impact of foreign exchange rate movements on sales prices was positive for all segments. Operating profit excluding non-recurring items and fair valuations was EUR 18.1 million lower than the previous quarter at EUR 119.4 million. Group capital employed was EUR 8 062.3 million on 31 March 2010, a net increase of EUR 286.0 million mainly due to increased working capital and the effect of foreign exchange movements on assets.

Operating profit excluding NRI improved by EUR 28 million in Consumer Board and by EUR 19 million in Fine Paper, but deteriorated by EUR 43 million in Newsprint. Operating profit decreased by EUR 10 million in Wood Products and increased by EUR 5 million in Industrial Packaging.

Lower sales prices in local currencies decreased operating profit by EUR 50 million. Changes in deliveries did not have any material impact on operating profit. The positive impact of exchange rate trends on the sales prices of some EUR 44 million was partly offset by the negative impact of exchange rate trends on costs. Higher fibre costs decreased operating profit by EUR 24 million and higher other variable costs, including energy, chemicals and logistics, decreased operating profit by EUR 13 million. Lower fixed costs improved operating profit by EUR 48 million as maintenance stoppages and costs related to catching up on maintenance had a material impact on fixed costs in the fourth quarter of 2009.

Capital Structure

EUR million	31 Mar 10	31 Dec 09	31 Mar 09
Operative fixed assets	6 084.6	5 936.2	6 648.8
Equity accounted investments	1 572.0	1 481.3	1 063.5
Operative working capital	1 256.2	1 171.2	1 435.4
Non-current interest-free items, net	-499.6	-498.1	-491.1
Operating Capital Total	**8 413.2**	**8 090.6**	**8 656.6**
Net tax liabilities	-350.9	-314.3	-264.4
Capital Employed	**8 062.3**	**7 776.3**	**8 392.2**
Equity attributable to Company shareholders	5 206.6	5 124.3	5 382.3
Non-controlling interests	58.8	58.2	57.3
Net interest-bearing liabilities	2 811.9	2 593.8	2 952.6
Held for sale	-15.0	-	-
Net assets held for sale	**8 062.3**	**7 776.3**	**8 392.2**

Financing Q1/2010
(compared with Q4/2009)

Cash flow from operations was EUR 119.2 (EUR 495.5) million and cash flow after investing activities EUR 6.4 (EUR 393.6) million. Capital expenditure was EUR 112.8 million in the first quarter and recovery in volumes resulted in increased working capital. At the end of the period, interest-bearing net liabilities of the Group were EUR 2 811.9 million, an increase of EUR 218.1 million.

Total unutilised committed credit facilities remained unchanged at EUR 1 400 million, and cash and cash equivalents net of overdrafts remained strong at EUR 864.3 million, which is EUR 12.7 million less than for the previous quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 700 million.

The debt/equity ratio at 31 March 2010 was 0.54 (0.51). The currency effect on owners' equity was positive EUR 138.3 million net of the hedging of equity translation risks. The fair valuations of operative securities, mainly related to the unlisted Finnish power supply company Pohjolan Voima, included within available-for-sale assets decreased equity by EUR 17.2 million.

Financing Q1/2010
(compared with Q1/2009)

At the end of the first quarter of 2010 Stora Enso had current borrowings of EUR 1 133.8 million compared with EUR 1 103.0 million at the end of the first quarter of 2009. Cash and cash equivalents net of overdrafts at the end of the first quarter of 2010 amounted to EUR 864.3 million, compared with EUR 488.5 million at the end of the first quarter of 2009.

Cash Flow

EUR million	Q1/10	Q4/09	Q1/09	2009	Change % Q1/10– Q1/09	Change % Q1/10– Q4/09
Continuing Operations						
Operating profit/loss	123.4	105.3	-0.9	-607.6	n/m	17.2
Depreciation and other non-cash items	101.2	101.1	100.9	1 262.0	0.3	0.1
Change in working capital	-105.4	289.1	163.6	606.5	-164.4	-136.5
Cash Flow from Operations	**119.2**	**495.5**	**263.6**	**1 260.9**	**-54.8**	**-75.9**
Capital expenditure	-112.8	-101.9	-104.2	-423.7	-8.3	-10.7
Cash Flow after Investing Activities	**6.4**	**393.6**	**159.4**	**837.2**	**-96.0**	**-98.4**

Capital Expenditure for January–March 2010

Capital expenditure for the first quarter of 2010 totalled EUR 112.8 million, which is 89% of depreciation in the first quarter. Stora Enso's annual depreciation will be about EUR 500 million in 2010. The target capital expenditure for the Group for the full year 2010 is approximately EUR 400 million.

The main projects during the first quarter of 2010 were power plants and energy-related projects at existing mills (EUR 63 million) and development of existing production (EUR 24 million).

Short-term Risks and Uncertainties

The main short-term risks and uncertainties are related to the effects of possible increases in raw material, oil and energy costs.

Energy sensitivity analysis for 2010: the direct effect on 2010 operating profit of a 10% change in electricity, oil and other fossil fuels market prices would be about EUR 28 million annual impact, after the effect of hedges.

Wood sensitivity analysis for 2010: the direct effect on 2010 operating profit of a 10% change in wood prices would be about EUR 213 million annual impact, after the effect of hedges.

Near-term Outlook

The economic environment is gradually improving, facilitating growth in demand for the Group's products. However, demand is forecast to remain materially weaker than two years ago, before the market downturn. Structural supply and demand imbalance persists in most paper products in Europe.

The strengthening in demand for graphic papers apparent early this year is expected to be sustained through the second quarter. In Europe demand slightly better than in the very poor second quarter of 2009 is anticipated in newsprint and magazine paper. Demand is forecast to improve more rapidly in coated than uncoated magazine paper. Prospects are also better than a year earlier for fine paper, consumer board and industrial packaging. Demand for wood products is predicted to be better than a year ago, although still weak and well below pre-crisis levels.

In Europe annual contracts indicate that market prices for newsprint are likely to remain flat, whereas prices in overseas markets are forecast to continue rising. Price increases in magazine paper have been announced for non-contractual and new business in the second quarter. Prices are expected to increase in fine paper and gradually in consumer board, where the major part of the business is based on longer-term contracts, and to continue improving in industrial packaging and wood products.

In the Newsprint and Book Paper segment, sales prices in local currencies will be on average 16 % lower in 2010 than 2009. In the Magazine Paper segment, sales prices in local currencies will be on average 7–8 % lower in the first half of 2010 than in 2009 as a whole.

In China stronger demand for uncoated magazine paper than a year ago is anticipated, boosted by Expo 2010 Shanghai, and demand for coated fine paper is also expected to improve. Market prices are forecast to increase for both grades.

In Latin America stronger demand for coated magazine paper than a year ago is predicted due to solid economic growth, especially in Brazil. Prices are expected rise.

The Group's market pulp net capacity is about 900 000 tonnes for 2010. The Group expects its cost inflation excluding internal actions to be 1% for 2010 as raw material costs are forecast to increase.

The Packaging Business Area continues to perform strongly. The situation for paper products is mixed. Stora Enso will prioritise pricing quality over volume, and manage capacity, costs and cash flow.

Production at Consumer Board's Skoghall Mill was halted on 16 April by the paper workers' strike in Sweden. The Swedish Paper Workers Union has also announced further actions, including a strike at Fors Mill beginning on 26 April 2010. The Swedish employers association Svenskt Näringsliv has decided to compensate Stora Enso fully for its financial losses due to the strike.

First Quarter Events

February

On 4 February 2010 Stora Enso 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.

On 10 February 2010 Stora Enso announced that it had signed an agreement with the European Investment Bank (EIB) for a EUR 65 million loan to be used for the Ostroleka power plant construction project in Poland.

On 10 February 2010 Stora Enso also announced that its search for new partners and new businesses for the site of the former Tolkkinen sawmill at Porvoo in Finland had progressed according to plan, and the first letters of intent for the Augustinranta business park had been signed.

On 18 February 2010 Stora Enso announced that it had signed a research and development co-operation agreement with Metso and Domtar to establish a consortium to develop a pulp mill biorefinery. The project, based on the latest pulping technology, aims to develop a pulp production process with enhanced sustainability and cost efficiency, as well as lower investment costs.

On 19 February 2010 Stora Enso announced that it planned to centralise the use of recovered fibre-based packaging in Finland at the Corenso Pori coreboard mill. The plans include permanent closure of the recycling plant at Varkaus and the core plant at Pori by the end of the third quarter of 2010. In addition, Stora Enso announced that it planned to curtail newsprint production on Varkaus paper machine (PM) 2 with temporary lay-offs until further notice due to weak market conditions.

March

On 4 March 2010 Stora Enso announced that it expected to begin temporarily shutting down its Finnish mills in the near future due to the strike by the stevedores at Finnish ports.

On 23 March 2010 Stora Enso announced how the distribution of EUR 0.20 per share from the parent company's invested unrestricted equity fund that Stora Enso's Board of Directors would propose to the Annual General Meeting of the Company to be held on 31 March 2010 would be treated for tax purposes. The advance ruling only concerns Stora Enso's tax withholding obligations as a distributor of funds. According to the ruling, EUR 0.035 per share would be treated taxwise as dividend and EUR 0.165 per share would be treated taxwise as repayment of invested equity at the point of payment. Stora Enso is liable to withhold due taxes on the part treated as dividend.

On 23 March 2010 Stora Enso also announced that it had been recognised by the Ethisphere Institute as one of the World's Most Ethical Companies for 2010. The Group was recognised for its commitment to ethical leadership, compliance practices and corporate social responsibility. Out of a record number of nominations for the award, Stora Enso secured its spot on the list for the third time.

On 26 March 2010 Stora Enso announced that Stora Enso Wood Products was continuing to develop its business operations and investing over EUR 5 million in further developing the value-added product range in its mills at Uimaharju in Finland, Bad St. Leonhard in Austria and Ala in Sweden.

Restructuring Actions

On 23 April 2009 Stora Enso announced that it was reorganising its operations with the aim of reducing annual fixed costs by EUR 250 million, mainly through savings in administration. The majority of the cost reductions were achieved in 2009. Implementation of the administrative fixed cost saving plans continued in the first quarter of 2010 according to plan and on schedule. Co-determination procedures are underway in various functions and units. The full impact will be apparent in the Group's operating profit from 2011 onwards.

Veracel

On 11 July 2008 Stora Enso announced that a federal judge in Brazil had issued a decision claiming that the permits issued by the State of Bahia for the operations of Stora Enso's equity accounted investment Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel's plantations and a possible BRL 20 million (EUR 8 million) fine. Veracel disputes the decision and has filed an appeal against it. Veracel operates in full compliance with all Brazilian laws and has obtained all the necessary environmental and operating licences for its industrial and forestry activities from the competent authorities. In November 2008 a Federal Court suspended the effects of the decision as an interim measure. Veracel has not recorded any provision for the reforestation or the possible fine.

On 30 September 2009 a judge in the State of Bahia issued an interim decision ordering the State Government of Bahia not to grant Veracel further plantation licences in the municipality of Eunápolis in response to claims by a state prosecutor that Veracel's plantations exceeded the legal limits, which Veracel disputes.

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.

Share Capital

No conversions were recorded during the quarter.

On 31 March 2010 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 the voting rights.

Decisions of the Annual General Meeting on 31 March 2010

The AGM approved a proposal by the Board of Directors 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 approximately EUR 1 251.3 million, be covered through decreasing the parent company's fund for invested unrestricted equity by the same amount.

The AGM approved a proposal by the Board of Directors that EUR 0.20 per share, a maximum aggregate of EUR 158 million, be distributed to the shareholders from the parent company's fund for invested unrestricted equity.

The AGM approved a proposal that the Board of Directors shall have eight members and that of the current members of the Board of Directors, Gunnar Brock, Birgitta Kantola, Juha Rantanen, Hans Stråberg, Matti Vuoria and Marcus Wallenberg be re-elected members of the Board of Directors until the end of the following AGM and that Carla Grasso and Mikael Mäkinen be elected new members of the Board of Directors for the same term of office. Claes Dahlbäck, Dominique Hériard Dubreuil and Ilkka Niemi were not seeking re-election.

The AGM approved a proposal that the current auditor, Authorised Public Accountants Deloitte & Touche Oy, be re-elected auditor of the Company until the end of the following AGM. The AGM approved a proposal that remuneration for the auditor be paid according to invoice.

The AGM approved a proposal to appoint a Nomination Committee to prepare proposals concerning (a) the number of members of the Board of Directors, (b) the members of the Board of Directors, (c) the remuneration for the Chairman, Vice Chairman and members of the Board of Directors and (d) the remuneration for the Chairman and members of the committees of the Board of Directors.

The AGM approved a proposal by the Board of Directors that Section 10 of the Articles of Association of the Company be amended so that the notice to a General Meeting shall be issued not later than three weeks before the date of the General Meeting, however, at least nine days before the record date of the General Meeting.

Decisions by Board of Directors

As its meeting held after the AGM, the Stora Enso Board of Directors elected from among its members Gunnar Brock as its Chairman and Juha Rantanen as Vice Chairman.

Birgitta Kantola will continue as chairwoman of the Financial and Audit Committee. Gunnar Brock and Juha Rantanen were elected new members of this committee.

Matti Vuoria will continue as a member of the Remuneration Committee. Gunnar Brock and Hans Stråberg were elected new members of this committee. Gunnar Brock was appointed to chair the Remuneration Committee.

Events after the Period

On 22 April 2010 Stora Enso announced that it had signed an agreement to sell its integrated mills at Kotka in Finland and its laminating paper operations in Malaysia to private equity firm OpenGate Capital.

On 22 April 2010 Stora Enso also announced that it will continue pulp, fine paper and sawnwood production but plans to close down newsprint production permanently at Varkaus in Finland.

This report is unaudited.

Helsinki, 22 April 2010
Stora Enso Oyj
Board of Directors

Segments Q1/10 compared with Q1/09

Newsprint and Book Paper

EUR million	Q1/10	Q4/09	Q1/09	Change % Q1/10–Q1/09	Change % Q1/10–Q4/09
Sales	287.4	359.6	308.7	-6.9	-20.1
EBITDA*	20.3	63.3	48.4	-58.1	-67.9
Operating profit/loss*	-1.6	41.3	21.5	-107.4	-103.9
% of sales	-0.6	11.5	7.0	-108.6	-105.2
ROOC, %**	-0.6	15.9	7.6	-107.9	-103.8
Deliveries, 1 000 t	593	675	546	8.6	-12.1
Production, 1 000 t	634	651	573	10.6	-2.6

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Newsprint and book paper sales were EUR 287 million, down 7% on the first quarter of 2009 mainly due to lower sales prices. There was an operating loss of EUR 2 million, compared with an operating profit of EUR 22 million a year earlier, as higher sales volumes, early initiated cost-saving measures and lower energy costs partially compensated for significant sales price declines and higher costs for fibre, particularly RCP.

The new power plant at Langerbrugge Mill in Belgium is expected to start up towards the end of the second quarter of 2010, further improving the efficiency of the mill.

Markets

Compared with Q1/2009

In Western Europe some improvement from the very weak demand a year earlier offset slight declines in Eastern Europe. Newspapers printed more pages in Germany and Italy, but fewer and fewer in many other Western European countries. Prices were significantly lower, especially in some parts of Europe, mainly due to oversupply, and prices in euros and local currencies were also lower in overseas markets. Producer inventories ended the quarter lower than a year earlier.

Compared with Q4/2009

Demand weakened seasonally in Western Europe, but was steady in Eastern Europe. Prices in Europe decreased significantly in annual contract negotiations. Prices in overseas markets started moving up from the very low levels reached at the end of 2009. Producer inventories were unchanged.

Magazine Paper

EUR million	Q1/10	Q4/09	Q1/09	Change % Q1/10–Q1/09	Change % Q1/10–Q4/09
Sales	435.5	430.2	380.8	14.4	1.2
EBITDA*	27.3	28.8	27.3	0.0	-5.2
Operating profit/loss*	3.9	4.1	-0.1	n/m	-4.9
% of sales	0.9	1.0	0.0	n/m	-10.0
ROOC, %**	1.3	1.3	0.0	n/m	0.0
Deliveries, 1 000 t***	526	586	487	8.0	-10.2
Production, 1 000 t***	550	551	501	9.8	-0.2

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital *** Excluding pulp

Magazine paper sales were EUR 436 million, up 14% on the first quarter of 2009 mainly due to higher market pulp sales volumes and prices. The operating profit of EUR 4 million was a slight improvement on the operating loss of EUR 0.1 million a year ago mainly due to better results from the pulp mills. Higher paper sales volumes and lower production costs partially compensated for lower paper prices. The new power plant at Maxau Mill in Germany is expected to start up towards the end of the second quarter of 2010, further improving the efficiency of the mill.

Markets

Compared with Q1/2009

In Europe demand for magazine paper was slightly stronger than a year ago but still much weaker than before the economic slowdown. Although advertising expenditure has not recovered yet, an upturn in publishing is apparent in all parts of Europe. Prices for coated and uncoated mechanical grades were significantly lower mainly due to oversupply. Producer inventories were even lower than in the previous year.

In Latin America demand for coated magazine paper was significantly stronger than a year earlier and back to pre-crisis levels, but prices were lower, as prices a year ago had not yet been affected by the economic crisis.

In China demand for uncoated magazine paper recovered, taking into account seasonal softness, but prices were similar to a year ago.

Compared with Q4/2009

In Europe demand seasonally weakened and prices declined significantly. Oversupply put great pressure on prices in all grades. Industry inventories generally declined further from the already low levels of the previous quarter, but producer inventories remained steady although fairly low in coated mechanical grades.

In Latin America demand for coated magazine paper seasonally weakened slightly due to the holiday season, but prices increased marginally.

In China demand for uncoated magazine paper strengthened a little in anticipation of price increases, and prices rose slightly.

Fine Paper

EUR million	Q1/10	Q4/09	Q1/09	Change % Q1/10–Q1/09	Change % Q1/09–Q4/09
Sales	474.5	492.0	431.9	9.9	-3.6
EBITDA*	62.1	44.7	22.6	174.8	38.9
Operating profit/loss*	41.5	22.1	-5.7	n/m	87.8
% of sales	8.7	4.5	-1.3	n/m	93.3
ROOC, %**	17.7	9.3	-1.7	n/m	90.3
Deliveries, 1 000 t	623	694	590	5.6	-10.2
Production, 1 000 t	648	652	591	9.6	-0.6

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Fine paper sales were EUR 475 million, up 10% on the first quarter of 2009 due to higher deliveries. Operating profit was EUR 42 million, an improvement of EUR 47 million on the first quarter of 2009 due to ongoing cost reductions, a better product mix following restructuring in office paper and improved demand. The stevedores' strike in Finland caused direct losses of approximately of EUR 6 million in the first quarter of 2010.

Paper machine (PM) 8 at Imatra Mills was permanently shut down in March, decreasing uncoated fine paper capacity by 210 000 tonnes.

Markets

Compared with Q1/2009

In Europe demand was stronger than a year earlier for coated and uncoated fine paper, but prices were lower, especially for uncoated fine paper. Industry inventories were lower than a year ago for coated but similar for uncoated fine paper.

In China demand for coated fine paper was good and prices were substantially higher than a year ago.

Compared with Q4/2009

In Europe demand weakened slightly for coated fine paper but strengthened seasonally for uncoated fine paper. Coated fine paper prices decreased slightly, but uncoated fine paper prices were stable. Industry inventories remained low.

In China demand for coated fine paper was steady, but prices continued to rise.

Consumer Board

EUR million	Q1/10	Q4/09	Q1/09	Change % Q1/10–Q1/09	Change % Q1/10–Q1/09
Sales	523.1	505.0	459.9	13.7	3.6
EBITDA*	101.6	74.1	44.6	127.8	37.1
Operating profit*	70.5	42.9	15.5	n/m	64.3
% of sales	13.5	8.5	3.4	297.1	58.8
ROOC, %**	23.8	14.5	4.9	n/m	64.1
Deliveries, 1 000 t***	551	560	529	4.2	-1.6
Production, 1 000 t***	602	512	509	18.3	17.6

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital *** Excluding pulp

Consumer board sales were EUR 523 million, up 14% on the first quarter of 2009 mainly due to higher total volumes and higher sales prices, especially for chemical pulp. Operating profit was EUR 71 million, up EUR 55 million on the first quarter of 2009 due to higher volumes and lower costs, supported by stable raw material costs.

Markets

Compared with Q1/2009

Demand was stronger, but prices for some consumer board grades were slightly lower than a year ago. Inventory levels were similar to a year earlier.

Compared with Q4/2009

Demand grew and prices were relatively stable but started to rise. The pulp market clearly improved during the quarter and pulp prices increased, boosted by exchange rate trends.

Industrial Packaging

EUR million	Q1/10	Q4/09	Q1/09	Change % Q1/10– Q1/09	Change % Q1/10– Q4/09
Sales	223.2	220.6	197.2	13.2	1.2
EBITDA*	20.0	14.8	15.2	31.6	35.1
Operating profit/loss*	7.7	2.9	3.5	120.0	165.5
% of sales	3.4	1.3	1.8	88.9	161.5
ROOC, %**	5.2	2.0	2.4	116.7	160.0
Paper and board deliveries, 1 000 t	226	229	191	18.3	-1.3
Paper and board production, 1 000 t	241	221	189	27.5	9.0
Corrugated packaging deliveries, million m^2	250	255	228	9.6	-2.0
Corrugated packaging production, million m^3	250	258	226	10.6	-3.1

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Industrial packaging sales were EUR 223 million, up 13% on the first quarter of 2009 mainly due to higher delivery volumes in all main businesses. Operating profit was EUR 8 million, up EUR 4 million on the first quarter of 2009 as higher volumes more than offset the costs of planned restructuring in the core business and higher raw material costs.

Markets

Compared with Q1/2009

Demand was better than the generally weak levels a year ago in all main businesses. Prices for recycled-fibre board were substantially higher than the exceptionally low levels a year ago. Corrugated packaging prices were mostly stable in main markets but core and SC fluting prices were lower.

Compared with Q4/2009

Market demand was relatively stable except for some seasonal weakening in corrugated packaging. Prices generally continued to rise.

Wood Products

EUR million	Q1/10	Q4/09	Q1/09	Change % Q1/10– Q1/09	Change % Q1/10– Q4/09
Sales	331.6	344.9	272.0	21.9	-3.9
EBITDA*	14.9	23.9	-14.3	204.2	-37.7
Operating profit/loss*	5.4	15.0	-23.7	122.8	-64.0
% of sales	1.6	4.3	-8.7	118.4	-62.8
ROOC, %**	3.8	10.4	-15.7	124.2	-63.5
Deliveries, 1 000 m^3	1 149	1 298	1 113	3.2	-11.5

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Wood product sales were EUR 332 million, up 22% on the first quarter of 2009 due to higher sales prices. Operating profit was EUR 5 million, an improvement of EUR 29 million on the first quarter of 2009. This was achieved through higher sales prices, ongoing reductions in fixed costs and higher operating efficiency following restructuring measures, which more than offset higher raw material costs. Although demand remained weak, sales prices rose as constrained supply and low inventory levels improved the supply and demand balance.

Most of the former Tolkkinen sawmill site was sold in the first quarter of 2010, contributing EUR 4 million to operating profit as a non-recurring item.

Markets

Compared with Q1/2009

Demand was still weak in the main European and Asian markets as construction activity remained subdued, but prices recovered considerably from the lows of a year ago. Inventories clearly decreased throughout the value chain as the supply and demand balance improved following severe curtailments.

Compared with Q4/2009

Demand remained weak but relatively stable in Europe and Asia. However, markets turned increasingly upbeat towards the end of the quarter, and prices continued to rise in Europe and Asia. Inventories increased slightly but were still generally very low.

Basis of Preparation

Except as described below, this unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Annual Report for 2009:

Taxes on income have been calculated based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The planned sale of integrated mills at Kotka in Finland and the laminating paper operations in Malaysia has been accounted under IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. Assets are classified as 'Held for Sale' when it is highly probable that the carrying amount of the assets will be recovered through a sale transaction rather than continuing use. These assets and liabilities have been measured at fair value less costs to sell. The closing sales consideration is subject to fair value changes and therefore the final outcome of the transaction is subject to change.

The following amendments to standards and interpretations were adopted from 1 January 2010 but had no impact on the Group financial statements;

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters (Amendments).
- IFRS 2 Group Cash-settled Share-based Payment Arrangements clarifies the scope and the accounting for group cash-settled share-based payment transactions.
- 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.
- 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.

Condensed Consolidated Income Statement

EUR million	Q1/10	Q4/09	Q1/09	2009	Change % Q1/10–Q1/09	Change % Q1/10–Q4/09
Sales	2 295.9	2 398.8	2 130.5	8 945.1	7.8	-4.3
Other operating income	34.3	58.9	51.8	172.8	-33.8	-41.8
Materials and services	-1 428.1	-1 529.4	-1 371.6	-5 668.1	-4.1	6.6
Freight and sales commissions	-225.2	-218.4	-211.1	-833.6	-6.7	-3.1
Personnel expenses	-329.0	-349.9	-376.0	-1 349.6	12.5	6.0
Other operating expenses	-112.0	-161.4	-114.2	-833.1	1.9	30.6
Share of results of equity accounted investments	19.1	77.6	18.9	111.8	1.1	-75.4
Depreciation and impairment	-131.6	-170.9	-129.2	-1 152.9	-1.9	23.0
Operating Profit/Loss	**123.4**	**105.3**	**-0.9**	**-607.6**	**n/m**	**17.2**
Net financial items	-5.5	-24.7	-47.2	-279.2	88.3	77.7
Profit/Loss before tax	**117.9**	**80.6**	**-48.1**	**-886.8**	**n/m**	**46.3**
Income tax	-15.8	-34.7	12.0	8.6	-231.7	54.5
Net Profit/Loss for the Period	**102.1**	**45.9**	**-36.1**	**-878.2**	**n/m**	**122.4**
Attributable to:						
Owners of the Parent	101.5	46.1	-38.2	-879.7	n/m	120.2
Non-controlling interests	0.6	-0.2	2.1	1.5	-71.4	n/m
	102.1	**45.9**	**-36.1**	**-878.2**	**n/m**	**122.4**
Earnings per Share						
Basic earnings per share, EUR	0.13	0.05	-0.05	-1.12	n/m	160.0
Diluted earnings per share, EUR	0.13	0.05	-0.05	-1.12	n/m	160.0

Consolidated Statement of Comprehensive Income

EUR million	Q1/10	Q4/09	Q1/09	2009
Net profit/loss for the period	102.1	45.9	-36.1	-878.2
Other Comprehensive Income				
Actuarial gains and losses on defined benefit pension plans	-	-14.9	-	-20.4
Asset revaluation on step acquisition	-	-	-	3.9
Available for sale financial assets	-16.6	75.0	-183.4	180.3
Currency and commodity hedges	23.9	20.1	2.2	224.1
Share of other comprehensive income of equity accounted investments	-0.3	0.7	-12.6	-8.5
Currency translation movements on equity net investments (CTA)	144.3	47.3	24.3	252.6
Currency translation movements on non-controlling interests	1.1	-10.5	0.5	5.9
Net investment hedges	-8.1	0.7	-	0.7
Income tax relating to components of other comprehensive income	-4.7	-1.2	-4.0	-65.0
Other Comprehensive Income, net of tax	**139.6**	**117.2**	**-173.0**	**573.6**
Total Comprehensive Income	**241.7**	**163.1**	**-209.1**	**-304.6**
Total Comprehensive Income Attributable to:				
Owners of the Parent	240.1	156.2	-211.7	-312.0
Non-controlling interests	1.6	6.9	2.6	7.4
	241.7	**163.1**	**-209.1**	**-304.6**

Condensed Consolidated Statement of Cash Flows

EUR million	Q1/10	Q1/09
Cash Flow from Operating Activities		
Operating profit/loss	123.4	-0.9
Hedging result from OCI	15.0	17.6
Adjustments for non-cash items	101.2	100.9
Change in net working capital	-123.0	165.4
Cash Flow Generated by Operations	**116.6**	**283.0**
Net financials items paid/received	-5.7	4.9
Income taxes paid, net	-5.5	-1.7
Net Cash Provided by Operating Activities	**105.4**	**286.2**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries	-0.8	-
Acquisitions of equity accounted investments	-7.1	-
Proceeds from sale of fixed assets and shares	10.8	50.5
Capital expenditure	-112.8	-104.2
Proceeds/payment of non-current receivables, net	3.6	-29.9
Net Cash Used in Investing Activities	**-106.3**	**-83.6**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	71.6	33.7
Long-term debt, payments	-172.3	-35.5
Change in short-term borrowings	79.3	-75.3
Equity repayment and dividend to non-controlling interests	-0.2	-1.8
Net Cash Used in Financing Activities	**-21.6**	**-78.9**
Net Decrease/Increase in Cash and Cash Equivalents	**-22.5**	**123.7**
Translation adjustment	9.8	-7.8
Net cash and cash equivalents at the beginning of period	877.0	372.6
Net Cash and Cash Equivalents at Period End	**864.3**	**488.5**
Cash and Cash Equivalents at Period End	**865.1**	**493.0**
Bank Overdrafts at Period End	**-0.8**	**-4.5**
Net Cash and Cash Equivalents at Period End	**864.3**	**488.5**
Acquisitions of Subsidiary Companies		
Non-controlling interests	0.8	-
Fair Value of Net Assets	**0.8**	**0.0**
Goodwill	-	-
Total Purchase Consideration	**0.8**	**0.0**

Property, Plant and Equipment, Intangible Assets and Goodwill

EUR million	Q1/10	Q1/09	2009
Carrying value at 1 January	5 157.7	5 899.4	5 899.4
Acquisition of subsidiary companies	-	-	17.6
Capital expenditure	107.2	92.4	394.4
Additions in biological assets	5.6	11.8	35.5
Change in emission rights	50.0	37.4	-41.7
Disposals	-7.6	-19.3	-27.9
Disposals of subsidiary companies	-	-	-92.6
Depreciation and impairment	-131.6	-129.2	-1 152.9
Translation difference and other	143.6	-21.3	125.9
Statement of Financial Position Total	**5 324.9**	**5 871.2**	**5 157.7**

Borrowings

EUR million	31 Mar 10	31 Dec 09	31 Mar 09
Non-current borrowings	3 042.4	2 898.4	2 935.5
Current borrowings	1 133.8	1 038.3	1 103.0
	4 176.2	**3 936.7**	**4 038.5**

	Q1/10	2009	Q1/09
Carrying value at 1 January	3 936.7	4 076.1	4 076.1
Debt acquired with new subsidiaries	-	44.1	-
Proceeds/(payments of) borrowings (net)	147.3	-255.1	-18.5
Translation difference and other	92.2	71.6	-19.1
Statement of Financial Position Total	**4 176.2**	**3 936.7**	**4 038.5**

Condensed Consolidated Statement of Financial Position

EUR million		31 Mar 10	31 Dec 09	31 Mar 09
Assets				
Fixed Assets and Other Non-current Investments				
Fixed assets	O	5 082.3	4 979.9	5 615.9
Biological assets	O	167.3	152.5	150.9
Emission rights	O	75.3	25.3	104.4
Equity accounted investments	O	1 572.0	1 481.3	1 063.5
Available-for-sale: Interest-bearing	I	75.7	71.7	159.8
Available-for-sale: Operative	O	759.7	778.5	777.6
Non-current loan receivables	I	160.4	159.6	159.6
Deferred tax assets	T	195.7	155.8	114.4
Other non-current assets	O	34.1	30.4	18.8
		8 122.5	**7 835.0**	**8 164.9**
Current Assets				
Inventories	O	1 332.7	1 281.6	1 667.8
Tax receivables	T	2.5	2.4	28.5
Operative receivables	O	1 433.6	1 362.6	1 424.3
Interest-bearing receivables	I	263.1	221.2	273.5
Cash and cash equivalents	I	865.1	890.4	493.0
		3 897.0	**3 758.2**	**3 887.1**
Asset of disposal group classified as held for sale		**49.9**	**-**	**-**
		3 946.9	**3 758.2**	**3 887.1**
Total Assets		**12 069.4**	**11 593.2**	**12 052.0**
Equity and Liabilities				
Owners of the Parent		5 206.6	5 124.3	5 382.3
Non-controlling interests		58.8	58.2	57.3
Total Equity		**5 265.4**	**5 182.5**	**5 439.6**
Non-current Liabilities				
Post-employment benefit provisions	O	330.3	305.0	304.6
Other provisions	O	186.8	180.4	194.1
Deferred tax liabilities	T	421.7	364.4	284.7
Non-current debt	I	3 042.4	2 898.4	2 935.5
Other non-current operative liabilities	O	16.6	43.1	11.2
		3 997.8	**3 791.3**	**3 730.1**
Current Liabilities				
Current portion of long-term debt	I	696.4	814.8	563.8
Interest-bearing liabilities	I	437.4	223.5	539.2
Operative liabilities	O	1 510.1	1 473.0	1 656.7
Tax liabilities	T	127.4	108.1	122.6
		2 771.3	**2 619.4**	**2 882.3**
Liability directly associated with the assets classified as held for sale		34.9	-	-
		2 806.2	**2 619.4**	**2 882.3**
Total Liabilities		**6 804.0**	**6 410.7**	**6 612.4**
Total Equity and Liabilities		**12 069.4**	**11 593.2**	**12 052.0**

Items designated with "O" comprise Operating Capital
Items designated with "I" comprise Interest-bearing Net Liabilities
Items designated with "T" comprise Net Tax Liabilities

Statement of Changes in Equity

EUR million	Share Capital	Share Premium & Reserve Fund	Invested Non-Resticted Equity Fund	Treasury Shares	Step Acquisi-tion Revalua-tion Surplus	Available for Sale Financial Assets	Currency and com-modity hedges	Currency and Commodity Hedges of Equity Accounted Investments	CTA & Net Investment Hedges	Retained Earnings	Attributable to Owners of the Parent	Non-controlling Interests	Total
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**
Profit/Loss for the period	-	-	-	-	-	-	-	-		-38.2	-38.2	2.1	-36.1
OCI before tax	-	-	-	-	-	-183.4	2.2	-12.6	24.3	-	-169.5	0.5	-169.0
Income tax relating to components of OCI	-	-	-	-	-	-3.0	0.2	-	-1.2	-	-4.0	-	-4.0
Total Comprehensive Income	-	-	-	-	-	-186.4	2.4	-12.6	23.1	-38.2	-211.7	2.6	-209.1
Dividends relating to 2008	-	-	-	-	-	-	-	-	-	-	-	-1.8	-1.8
Balance at 31 March 2009	1 342.2	2 276.4	-	-10.2	-	324.2	-163.7	-23.1	-420.7	2 057.2	5 382.3	57.3	5 439.6
Profit/Loss for the period	-	-	-	-	-	-	-	-	-	-841.5	-841.5	-0.6	-842.1
OCI before tax	-	-	-	-	3.9	363.7	221.9	4.1	229.0	-20.4	802.2	5.4	807.6
Income tax relating to components of OCI	-	-	-	-	-	-3.7	-59.0	-	-2.9	4.6	-61.0	-	-61.0
Total Comprehensive Income	-	-	-	-	3.9	360.0	162.9	4.1	226.1	-857.3	-100.3	4.8	-95.5
Dividends relating to 2008	-	-	-	-	-	-	-	-	-	-	-	-0.4	-0.4
Acquisitions and 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 (EUR 0,20 per share)	-	-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**
Profit/Loss for the period	-	-	-	-	-	-	-	-	-	101.5	101.5	0.6	102.1
OCI before tax	-	-	-	-	-	-16.6	23.9	-0.3	136.2	-	143.2	1.1	144.3
Income tax relating to components of OCI	-	-	-	-	-	-0.6	-6.2	-	2.1	-	-4.7	-	-4.7
Total Comprehensive Income	-	-	-	-	-	-17.2	17.7	-0.3	138.3	101.5	240.0	1.7	241.7
Dividends relating to 2009	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0.2**	**-0.2**
Acquisitions and disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0.9**	**-0.9**
Return of capital (EUR 0,20 per share)	**-**	**-**	**-157.7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-157.7**	**-**	**-157.7**
Transfer to retained earnings	**-**	**-**	**-1 251.3**	**-**	**-**	**-**	**-**	**-**	**-**	**1 251.3**	**-**	**-**	**-**
Balance at 31 March 2010	**1 342.2**	**76.6**	**633.1**	**-10.2**	**3.9**	**667.0**	**16.9**	**-19.3**	**-56.3**	**2 552.7**	**5 206.6**	**58.8**	**5 265.4**

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income

Commitments and Contingencies

EUR million	31 Mar 10	31 Dec 09	31 Mar 09
On Own Behalf			
Pledges given	-	-	0.8
Mortgages	25.5	16.2	74.8
On Behalf of Equity Accounted Investments			
Guarantees	180.0	180.2	192.3
On Behalf of Others			
Guarantees	128.4	121.7	158.3
Other Commitments, Own			
Operating leases, in next 12 months	26.7	27.2	26.8
Operating leases, after next 12 months	75.2	79.3	89.8
Pension liabilities	0.1	0.3	0.2
Other commitments	36.2	36.4	43.2
Total	**472.1**	**461.3**	**586.2**
Pledges given	-	-	0.8
Mortgages	25.5	16.2	74.8
Guarantees	308.4	301.9	350.6
Operating leases	101.9	106.5	116.6
Pension liabilities	0.1	0.3	0.2
Other commitments	36.2	36.4	43.2
Total	**472.1**	**461.3**	**586.2**

Purchase Agreement Commitments

EUR million	Scheduled Contract Payments				
Type of Supply	**Contract Total**	**Q2–Q4/10**	**2011–12**	**2013–14**	**2015+**
Fibre	1 563.6	180.4	388.2	375.2	619.8
Energy	1 753.8	331.2	466.4	330.9	625.3
Logistics	454.8	49.9	110.3	93.8	200.8
Other production costs	707.9	81.8	108.8	50.2	467.1
	4 480.1	643.3	1 073.7	850.1	1 913.0
Capital Expenditure	67.5	47.7	19.8	-	-
Total Contractual Commitments at 31 March 2010	**4 547.6**	**691.0**	**1 093.5**	**850.1**	**1 913.0**

Fair Values of Derivative Financial Instruments

EUR million	31 Mar 10			31 Dec 09	31 Mar 09
	Positive Fair Values	**Negative Fair Values**	**Net Fair Values**	Net Fair Values	Net Fair Values
Interest rate swaps	239.7	-54.7	185.0	156.6	258.6
Interest rate options	-	-29.3	-29.3	-26.7	-34.0
Forward contracts	81.3	-31.0	50.3	20.5	-68.0
Currency options	15.5	-13.0	2.5	13.9	-0.6
Commodity contracts	22.5	-51.4	-28.9	-21.8	-110.9
Equity swaps (“TRS”) & equity options	12.2	-12.5	-0.3	-14.1	-85.3
Total	**371.2**	**-191.9**	**179.3**	**128.4**	**-40.2**

Nominal Values of Derivative Financial Instruments

EUR million	31 Mar 10	31 Dec 09	31 Mar 09
Interest Rate Derivatives			
Interest rate swaps			
Maturity under 1 year	543.0	666.8	768.2
Maturity 2–5 years	2 442.8	2 384.0	1 594.9
Maturity 6–10 years	920.3	861.8	2 379.1
	3 906.1	3 912.6	4 742.2
Interest rate options	508.9	387.4	408.8
Total	**4 415.0**	**4 300.0**	**5 151.0**
Foreign Exchange Derivatives			
Forward contracts	2 028.6	2 935.7	3 078.7
Currency options	1 676.7	1 590.7	1 998.3
Total	**3 705.3**	**4 526.4**	**5 077.0**
Commodity Derivatives			
Commodity contracts	345.7	396.7	537.2
Total	**345.7**	**396.7**	**537.2**
Total Return (Equity) Swaps			
Equity swaps ("TRS")	104.7	104.7	133.4
Equity options	-	-	22.0
Total	**104.7**	**104.7**	**155.4**

Sales by Segment

EUR million	Q1/10	2009	Q4/09	Q3/09	Q2/09	Q1/09
Newsprint and Book Paper	287.4	1 325.8	359.6	330.0	327.5	308.7
Magazine Paper	435.5	1 676.0	430.2	469.0	396.0	380.8
Fine Paper	474.5	1 823.9	492.0	449.6	450.4	431.9
Consumer Board	523.1	1 895.9	505.0	470.7	460.3	459.9
Industrial Packaging	223.2	815.5	220.6	203.7	194.0	197.2
Wood Products	331.6	1 239.6	344.9	306.9	315.8	272.0
Other	625.3	2 175.2	619.4	450.1	507.8	597.9
Inter-segment sales	-604.7	-2 006.8	-572.9	-449.0	-467.0	-517.9
Total	**2 295.9**	**8 945.1**	**2 398.8**	**2 231.0**	**2 184.8**	**2 130.5**

Operating Profit/Loss by Segment excluding NRI and Fair Valuations

EUR million	Q1/10	2009	Q4/09	Q3/09	Q2/09	Q1/09
Newsprint and Book Paper	-1.6	128.7	41.3	34.8	31.1	21.5
Magazine Paper	3.9	40.3	4.1	30.6	5.7	-0.1
Fine Paper	41.5	32.7	22.1	20.4	-4.1	-5.7
Consumer Board	70.5	164.9	42.9	64.9	41.6	15.5
Industrial Packaging	7.7	17.6	2.9	10.3	0.9	3.5
Wood Products	5.4	-8.0	15.0	9.4	-8.7	-23.7
Other	-22.2	-117.1	-26.6	-44.9	-24.3	-21.3
Operating Profit/Loss excl. NRI by Segment	**105.2**	**259.1**	**101.7**	**125.5**	**42.2**	**-10.3**
Share of results of equity accounted investments excl. fair valuations	14.2	61.4	35.8	6.0	6.3	13.3
Operating Profit excl. NRI and Fair Valuations*	**119.4**	**320.5**	**137.5**	**131.5**	**48.5**	**3.0**
Fair valuations*	22.9	4.4	9.9	21.0	11.4	-37.9
Operating Profit/Loss excl. NRI	**142.3**	**324.9**	**147.4**	**152.5**	**59.9**	**-34.9**
NRI	-18.9	-932.5	-42.1	-655.1	-269.3	**34.0**
Operating Profit/Loss (IFRS)	**123.4**	**-607.6**	**105.3**	**-502.6**	**-209.4**	**-0.9**
Net financial items	-5.5	-279.2	-24.7	-46.1	-161.2	-47.2
Profit/loss before Tax and Non-Controlling Interests	**117.9**	**-886.8**	**80.6**	**-548.7**	**-370.6**	**-48.1**
Income tax expense	-15.8	8.6	-34.7	29.0	2.3	12.0
Net Profit /Loss	**102.1**	**-878.2**	**45.9**	**-519.7**	**-368.3**	**-36.1**

* Fair valuations include synthetic options net of realised and open hedges, CO2 emission rights, and valuations of biological assets related to forest assets in equity accounted investments.

NRI by Segment

EUR million	Q1/10	2009	Q4/09	Q3/09	Q2/09	Q1/09
Newsprint and Book Paper	-	-52.2	-1.1	-80.1	-	29.0
Magazine Paper	-5.7	-163.5	-11.4	-152.1	-	-
Fine Paper	-	-314.2	-0.6	-313.6	-	-
Consumer Board	-	-34.2	1.6	-35.8	-	-
Industrial Packaging	-13.2	-28.7	-0.5	-28.2	-	-
Wood Products	1.6	-7.7	1.0	-8.7	-	-
Other	-1.6	-332.0	-31.1	-36.6	-269.3	5.0
NRI on Operating Profit	**-18.9**	**-932.5**	**-42.1**	**-655.1**	**-269.3**	34.0
NRI on financial items	-	-148.5	-	-	-148.5	-
NRI on tax	-	49.6	12.0	42.9	4.6	-9.9
NRI on Net Profit	**-18.9**	**-1 031.4**	**-30.1**	**-612.2**	**-413.2**	24.1

Operating Profit/Loss by Segment

EUR million	Q1/10	2009	Q4/09	Q3/09	Q2/09	Q1/09
Newsprint and Book Paper	-1.6	76.5	40.2	-45.3	31.1	50.5
Magazine Paper	-1.8	-123.2	-7.3	-121.5	5.7	-0.1
Fine Paper	41.5	-281.5	21.5	-293.2	-4.1	-5.7
Consumer Board	70.5	130.7	44.5	29.1	41.6	15.5
Industrial Packaging	-5.5	-11.1	2.4	-17.9	0.9	3.5
Wood Products	7.0	-15.7	16.0	0.7	-8.7	-23.7
Other	-5.8	-495.1	-89.6	-63.3	-281.9	-60.3
Share of result of equity accounted investments	19.1	111.8	77.6	8.8	6.0	19.4
Operating Profit/Loss (IFRS)	**123.4**	**-607.6**	**105.3**	**-502.6**	**-209.4**	**-0.9**
Net financial items	-5.5	-279.2	-24.7	-46.1	-161.2	-47.2
Profit/Loss before Tax and Non-Controlling Interests	**117.9**	**-886.8**	**80.6**	**-548.7**	**-370.6**	**-48.1**
Income tax expense	-15.8	8.6	-34.7	29.0	2.3	12.0
Net Profit/ Loss	**102.1**	**-878.2**	**45.9**	**-519.7**	**-368.3**	**-36.1**

Key Exchange Rates for the Euro

	Closing Rate		Average Rate	
One Euro is	**31 Mar 10**	**31 Dec 09**	**31 Mar 10**	**31 Dec 09**
SEK	9.7135	10.2520	9.9529	10.6180
USD	1.3479	1.4406	1.3842	1.3941
GBP	0.8898	0.8881	0.8868	0.8909

Transaction Risk and Hedges in Main Currencies as at 31 March 2010

EUR million	USD	GBP	SEK
Estimated annual net operating cash flow exposure	850	450	-1 050
Transaction hedges as at 31 March 2010	-425	-235	600
Hedging percentage as at 31 March 2010 for the next 12 months	**50%**	**52%**	**57%**

Changes in Exchange Rates on Operating Profit

Operating Profit: Currency effect +/- 10%	EUR million
USD	85
SEK	-105
GBP	45

The sensitivity is based on expected 2010 net operating cash flow. The calculation does not take into account currency hedges, and assumes no changes occur other than a single currency exchange rate movement

Stora Enso Shares

Trading volume	Helsinki		Stockholm	
	A share	R share	A share	R share
January	304 617	129 305 365	164 534	43 100 530
February	155 799	95 521 928	215 299	33 869 817
March	119 035	109 395 394	338 060	45 698 184
Total	**579 451**	**334 222 687**	**717 893**	**122 668 531**

Closing price	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
January	5.50	4.47	56.50	45.50
February	5.47	4.65	54.25	45.00
March	6.21	5.64	60.25	55.00

Calculation of Key Figures

Return on capital employed, ROCE (%)	100 x	$\frac{\text{Operating profit}}{\text{Capital employed}^{1)\,2)}}$
Return on operating capital, ROOC (%)	100 x	$\frac{\text{Operating profit}}{\text{Operating capital}^{1)\,2)}}$
Return on equity, ROE (%)	100 x	$\frac{\text{Profit before tax and non-controlling items – taxes}}{\text{Total Equity}^{2)}}$
Equity ratio (%)	100 x	$\frac{\text{Total Equity}}{\text{Total assets}}$
Interest-bearing net liabilities		Interest-bearing liabilities – interest-bearing assets
Debt/Equity ratio		$\frac{\text{Interest-bearing net liabilities}}{\text{Equity}}$
CEPS		$\frac{\text{Net profit/loss for the period – Depreciation and impairment}}{\text{Average number of shares}}$
EPS		$\frac{\text{Net profit/loss for the period}}{\text{Average number of shares}}$

1) Capital employed = Operating capital – Net tax liabilities

2) Average for the financial period

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Photography: Stora Enso image archive
Printing: Lönnberg Print
Cover stock: Performa Alto 200 g/m²
Text stock: TerraPrint Silk 90 g /m²

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties, which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the Group's targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the Group's patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the Group's products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the Group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the Group's principal geographic markets or fluctuations in exchange and interest rates.

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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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