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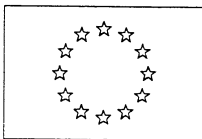
***Case No COMP/M.2020 -
METSÄ-SERLA / MODO***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(2) NON-OPPOSITION
Date: 04/08/2000

***In electronic form on the EUR-Lex website under document
number 32000M2020***



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 04.08.2000

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6.2 DECISION

To the notifying party.

Dear Madam/Sir,

Subject: Case No COMP/M.2020- METSÄ-SERLA / MODO

Notification of 22.06.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On 22.06.2000, the Commission received a notification of a proposed concentration arising from the acquisition of sole control of Metsä-Serla Corporation over Modo Paper AB.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

I. THE PARTIES

3. Metsä-Serla Corporation ("Metsa-Serla") is a Finnish based company belonging to the Metsäliitto Group and active world-wide in the forest product sectors. The company manufactures and markets printing and writing papers, paperboard, corrugated board, packaging raw materials, chemical pulp and tissue paper.
4. Modo Paper AB ("Modo") is a joint venture company controlled by Swedish company Svenska Cellulosa Aktiebolaget SCA ("SCA") and Holmen AB ("Holmen")¹. Modo is active in the manufacturing and sale of pulp, fine paper and also in the paper merchanting sector.

¹ The operation was approved by the Commission decision of 23.07.1999 in case Comp/M.1556-Mo Och Domsjö/SCA.

II. THE OPERATION

5. The operation concerns the acquisition of sole control by Mätsa-Serla over Modo by means of purchase from SCA and Holmen of their respective shares.

III. CONCENTRATION

6. The transaction by which Mätsa-Serla Corporation intends to acquire sole control of the whole Modo Paper AB, is a concentration within the meaning of Article 3 (1)(b) of the Merger Regulation

IV. COMMUNITY DIMENSION

7. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion² (€ 5,6 billions the Metsäliitto group and € 2,1 billions Modo). Each of Metsä-Serla and Modo Paper have a Community-wide turnover in excess of EUR 250 million (€ 4,4 billions Metsäliitto and € 1,9 billion Modo) but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

V. COMPETITIVE ASSESSMENT

A - THE RELEVANT MARKETS

Fine Paper

The Relevant Product Market

8. Fine Paper is a high-quality printing and writing paper. Fine papers include both coated and uncoated papers made out of pulp mechanically treated, the so-called "wood containing", or of chemically treated, also referred to as "woodfree". In order to obtain better results in printing the paper surface is sometimes pigmented or coated with a coating mixture based on clay or chalk with other substances added.
9. The parties manufacture woodfree uncoated (WFU) and woodfree coated (WFC) papers and sell them mainly to merchants and also directly to some individual customers. Because of their different characteristics and end uses WFU and WFC have a limited degree of substitutability from the demand side, mainly focused in commercial printing and publishing. However from the supply side there is a degree of substitutability of production from one type of paper to the other.
10. The Commission has to date left open the question as to whether the sale of these types of fine paper represent distinct markets. The precise delineation can also be left open in the present case because, in all alternative market definitions concerned, that is WFU and WFC, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

The Relevant Geographic Market

11. The Commission has found in the past that the geographic scope for the market for WFC and WFU papers at the producer level is at least EEA-wide. However the parties submit that the market dimension is larger, particularly as refers to WFU, where imports from third countries in to the EEA seem to have increased in the last years and exports to Eastern Europe also take place.
12. However it is not necessary to further delineate the relevant geographic market, since the present operation will not create nor strengthen a dominant position in the EEA or any substantial part of it.

Paper Merchanting

The Relevant Product Market

13. As explained above, paper producers have generally two different ways to sell fine paper: either directly from the mill or via merchants.
14. Sales direct from the mill are generally focused on large bulk quantities which are transported and delivered to the customer's warehouse and which are not limited by time constraints. The customers base is formed by merchants and large individual customers, such as for instance large printers, who can address themselves to the mill of their choice and foresee well in advance their needs for paper supplies.
15. The downstream paper merchanting channel works on a different basis. Paper sold through merchants can be delivered direct from the merchant's warehouse to the customer, the so called "*stock sales*", or directly from the mill, known as "*indent sales*".
16. Regarding "*stock sales*" merchants act as wholesaler and serve their clients from their own warehouse stocks. Their stocks cover a wide range of different paper products, generally from different producers, although exclusivity arrangements with some mills are frequent. The merchant's customer base is made up by small and medium sized clients who need quick deliveries (normally within 24 hours) of different kinds of paper and/or who do not have enough capacity in their ware houses, nor can afford, to stock large quantities of paper. Merchants also play a logistic role for clients needing different grades of paper from different sources. In the case of "*Indent sales*" the customer requires large quantities which cannot be supplied directly form the merchant's warehouses and therefore the merchant places the order to the mill which in turn delivers the quantity directly to the end customer. In this type of sale the merchant invoices the customer.
17. The parties claim that the merchant business forms part of a wider market which also includes direct sales from the producer on the grounds, basically, that customers can switch between direct sales and sales through merchants. In previous decisions the Commission has treated the merchant market separately from that of direct sales from mills for different reasons³, mainly market structure, logistics and pricing, which are also valid in the present case. Furthermore the market investigation has confirmed this

³ See for instance decisions in cases : COMP/M.884-KNP BT/Bunzl/ Wilhem Seiler; COMP/M.1728 CVC/Torraspapel; COMP/M-1356-Metsä Serla/UK Paper; Comp/M 210-Mondi/Frantschach.

view as there seems to be a general trend among producers to sell only to the largest customers (merchants and perhaps some of the largest printers) while smaller customers tend to be served only via merchants. Furthermore merchants perform other tasks such as classifying, cutting and packing the different grades and qualities of paper according to the customer requirements.

18. As regards the so-called "indent" sales, a merchant acts as an agent/distributor for the producer/mill, which remunerates him with a commission. The role of the merchant in this scenario is therefore essentially restricted to that of an intermediary. Compared to prices charged for direct sales the indent price is higher, although still significantly lower than prices for stock deliveries and includes the additional costs attributable to the merchant. Many customers would therefore prefer to purchase directly from the mill. However, according to the market investigation, only the largest customers appear to have the possibility to engage in such direct purchases.
19. According to the information submitted by the parties, the contractual arrangements between mills and merchants are very frequently oral arrangements. Nevertheless, some of these arrangements are made on an exclusivity basis (in the sense that the producer will grant a merchant the exclusive right to sell its products), although such merchants can work with different producers/mills. However, as will be set out below, it is not necessary for the purpose of the present decision to decide whether indent sales should be included in the merchant market, as this would not alter the competitive assessment.
20. Therefore, and for the purpose of the present assessment, it can be concluded that the fine paper merchanting market should be considered as a separate product market from that of direct sales from producers.

The relevant geographic market

21. In previous Commission decisions the merchanting market has been treated as a national market. In the present case the market investigation has confirmed this view. From the customer's perspective the possibility of using a merchant in other country are very limited if any, mainly due to requirements of quick delivery; transport costs; and the need to maintain fluent and solid relationships with merchants. In addition there appear to be significant price differences in the different European countries, which may vary more than 20 % even between neighbouring countries.
22. Quick delivery is one of the factors which lead customers to purchase through merchants, therefore distance becomes an important issue. The average distance to serve an order from a merchant's warehouse varies from country to another, although it can be said that deliveries for stock sales take place within 24-48 hours maximum, and even less, which requires a certain proximity of the merchant's warehouses to customers. The density of depots and sales outlets vary according to the degree of concentration of customers in the different areas and the average distance for delivery from the merchant's depot is below 200 Km (for instance: a radius between 100-250 Km in the UK and between 200-300 Km in Sweden and Norway).
23. Merchants play a technical role towards customers which can only be achieved if there is a local presence in order to maintain fluent contacts and a quality service with customers. The fact that the large merchant groups are present in several member states and the trend of some very large end-customers to purchase on a pan-European basis

does not significantly alter for the time being the national scope of this market as a local presence is required.

24. Therefore it can be concluded that geographic market for paper merchandising remains national.

Corrugated Case Materials

25. Corrugated case materials (CCM) are paper products used in the production of corrugated board. Corrugated board takes the form of sheets composed of an undulating core, called fluting, which is covered by outer layers on both sides, called linerboard. Corrugated case materials (linerboard) can be made from virgin fibre, known as "kraftliner", or from waste-based fibre, known as "testliner".
26. There are different grades of both kraftliner and testliner, corresponding to different qualities and final appearance. The parties have identified the following categories: brown and mottled testliner; brown and mottled kraftliner; white top testliner and kraftliner; and fully bleached whiteliner (FBW).. The parties to the concentration submit that there is a high degree of cross-substitutability between kraftliner and testliner materials. In any event the parties are only present in some of these categories as MODO produces FBW while Metsä Serla makes Mottled and white-top kraftliners. Therefore an overlap would only occur if the whiteliner segments could be taken as a market.
27. As in previous Commission decisions, there is no need to further define this market as in any alternative market definition concerned, that is kraftliner and testliner segmentations, effective competition would not be significantly impeded in the EEA or in any substantial part of that area.

The Relevant Geographic Market

28. The parties claim that there are significant imports of CCM based on virgin fibre into the EEA, accounting for up to a 30 -40 % of total supplies ⁴. On the other hand imports of CCM based on waste-based fibre are not significant as Europe is an extensive recycler of paper grade. Therefore, and in line with previous Commission decisions, the parties submit that the geographic market for CCM should be considered to be at least EEA-wide.
29. However it is not necessary to further delineate the geographic scope of this market as the present operation would not create any competition concern in the EEA or in any substantial part of that area.

B - ASSESSMENT

Fine Paper

30. The parties are present in most countries in the EEA. The main overlaps occur in Sweden, Finland, Denmark and Norway. However the operation will lead to aggregate shares in the EEA of [10-20]% in volume both for WFC and WFU either taken

⁴ Statistics from Groupement Ondulé (the European association of containerboard producers)

together or separately. In WFC Metsä Serla will combine its [10-15]% market share with Modo's [5-10]%, while in WFU Metsä's [0-5]% market share will add [10-15]% Modo's market share. For the total fine paper market, the combined [10-20]% market share will result from Metsä's [5-10]% and Modo's [5-10]%. Therefore given that the market position will not create nor strengthen a dominant position in the EEA together with the general conditions in the marketing terms of the number of competitors, it can be concluded that the concentration would not give rise to any competition concerns.

Paper Merchanting

31. The parties are present in different member States although the main overlaps take place in the UK, Norway and Sweden which constitute the affected markets.

The UK

32. In the UK the parties are present under their merchants businesses Premier Paper Group (Metsä Serla), Modo Merchants (Modo Paper AB) and Mc Naughton (SCA Fine paper). Their combined market share in value would be [20-30]% ([10-15]% for Metsä Serla and [10-15]% for Modo Paper) only regarding stock sales and [25-35]% ([15-20]% for Metsä Serla and [15-20]% for Modo) if including indent sales.
33. The market investigation has shown that customers have the possibility to choose between a number of suppliers for their requirements, although some concerns have been expressed regarding the increasing degree of concentration in this market and the small price differences from the different suppliers, in spite of the individual negotiation system. However the market structure in the UK seems to be sufficiently competitive in order to balance the parties' combined market shares which will make them first player in this market. Other major merchants are also present in the UK such as Buhrmann, Antalis, Buzl and Stora Enso with market shares in volume around [15-20]%, [5-10]%, [15-20]% and [5-10]% respectively ⁵(parties' estimates), other merchants are also present with market shares below 10%.
34. Therefore, no serious doubts arise from the proposed concentration in this market in the UK.

Norway

35. The parties are active in Norway via their merchants Basberg (Modo) and Carl Jonsson (Metsä Serla). According to the parties' information their combined market shares would be [20-30]% in value and volume respectively if only considering stock sales ([35-45]% if including indent sales). Other players are also active in this market and among them major groups such as Carl Emil (Stora Enso) with market shares estimates of [20-25]% (total sales) and [25-30]% (only including stock sales). Some smaller competitors are locally present with overall market shares between [0-5] and [5-10]% such as Berg-Andersen, A.D.Jacobsen, Julius Maske and Xerox. The rest of the market is fragmented with a significant number of small merchants holding individual market shares below [0-5]%.

⁵ Eugropa Statistics and parties estimates of total market.

36. The parties will clearly become market leaders in Norway, with sizeable market shares, in particular if indent sales are included in the merchant market. However, on both alternative market definitions there would be important competitors and the Norwegian respondents to the Commission's investigation have not raised concerns.
37. Therefore, even if any concentration in this area will have to be closely examined in the future, the proposed concentration does not create serious doubts as concerns the merchant market in Norway.

Sweden

38. The situation in the Swedish market differs substantially from those in Norway and in the UK. On this market the proposed concentration would result in a combined market share for stock sales in value of [45-55]% ([40-45]% Modo and [5-10]% Metsä Serla) and [55-65]% in volume, and of [50-60]% in value (45-50)% Modo and [5-10]% Metsä Serla) and [55-65]% in volume if considering all sales, that is including indent sales. The present structure of the Swedish market is already very concentrated, with only one competitor with sufficient capacity to face requirements of demand, namely Papyrus Merchant (subsidiary of Stora Enso), with a market share in volume around [35-40]%. The remaining [0-5]% is divided between very small players including photocopying machinery producers such as Xerox and Canon.
39. The situation described above shows a market structure highly concentrated which in turn has remained stable for the last years. No new players seem to have entered this market in the past years except for Buhrman, who has acquired in the present year a small company holding less than 1 % market share. Moreover the market structure after the proposed concentration would leave few possibilities for competitors to grow as the two competitors left are also vertically integrated to the main mills.
40. The outcome of the proposed operation would be an even more concentrated market with an scenario of only two competitors left and the fringe with no real capacity to face the existing demand.
41. Furthermore the market investigation undertaken by the Commission demonstrates that most end customers do not have free access to fine paper supplies except through the merchanting channel as the producers' sales policy would be to sell only to larger customers (merchants and the larger printers). Customers have expressed negative reactions as they fear that the merger will lead to impose higher prices for fine paper. The fact that the Swedish merchant customers are unable to use other sources of supply outside Sweden is shown by the fact that prices are already significantly higher in Sweden than in neighbouring countries, but still there are very limited imports by these customers. Customers have very little bargaining power in the face of a very limited number of suppliers.
42. The above described situation in the relevant product market in Sweden would have led the Commission to express serious doubts so as the compatibility of the proposed concentration with the common market.

Corrugated Case Materials

43. The parties have provided volume figures and market shares in the narrower market segment of white liner, both at national and at the EEA level. At the EEA level their

combined market share for white liner would be [5-15]%. Therefore the impact of the proposed concentration in this market will be minimal as there is no affected market.

VI. MODIFICATION TO THE ORIGINAL CONCENTRATION

44. In order to remove the competitive concerns raised by the operation in relation to the market for paper merchanting in Sweden, Metsä Serla has submitted some undertakings to the Commission which will eliminate the overlap in Sweden. The text of the undertakings are annexed and form an integral part of this decision.
45. Metsä Serla has undertaken to divest its paper merchant business in Sweden, Grafiskt Papper AB, to an independent and viable competitor. The divestiture will comprise the sale of all the shares in Grafiskt Papper AB to a viable competitor approved by the Commission. The purchaser will be a competitor of the parties and will be unconnected and independent from Metsä-Serla. The proposed purchaser will also be expected to obtain all the necessary approvals for the purchase from the relevant competition authorities. Meanwhile, and until the divestiture of the business is completed, Metsä Serla will allow Grafiskt Papper to continue to operate as an active competitive force. Should the business not be divested by the end of the given period of time, a trustee will be appointed to sell the business to a purchaser within a further period of time. The undertakings also contain a clause which will prevent Metsä Serla for a given period of time to approach or hiring key personnel at Grafiskt Papper who has or have had access to sensitive business, commercial or R &D or other proprietary information. It has also been set out that, at the option of the buyer, Metsä Serla will maintain the existing supply arrangements with Grafiskt Papper for a certain period of time after divestiture,
46. The Commission considers that once an effective competitor, either one of the already present in this market or a new entrant, purchases Grafiskt Papper AB, competition in Sweden will be maintained. In this respect, following the divestiture, no overlap between the parties' activities in the merchanting market in Sweden will result from the concentration. Accordingly small and medium sized customers will retain the same number of independent merchants as before the concentration. At the same time the remedy will allow the smaller players, or a new entrant, to get a foothold in the Swedish market and to better compete in this market.
47. The Commission thus concludes that the undertakings submitted by Metsä Serla are sufficient to remove the serious doubts raised by this concentration as far as the market for paper merchanting in Sweden is concerned.

VII. CONCLUSION

48. For the above reasons, the Commission has decided not to oppose the notified operation and, subject to full compliance with the undertakings described in paragraphs 44 to 47 and annexed to the present decision, to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6.2 of Council Regulation (EEC) No 4064/89, as amended by Regulation 1310/97, and of Article 57 of the EEA Agreement.

For the Commission,

UNDERTAKING

Whereas, on 22 June 2000 Metsä-Serla Corporation (“Metsä-Serla”) notified the proposed acquisition of Modo Paper AB (“Modo”) to the European Commission (the “Commission”) pursuant to Council Regulation 4064/89 as amended (the “Merger Regulation”);

Whereas, Metsä-Serla’s fine paper merchant in Sweden is Grafiskt Papper AB (“Grafiskt Papper”), a wholly-owned subsidiary of Metsä-Serla;

Whereas, Grafiskt Papper is a stand alone company and has all necessary and usual legal title to all material and immaterial assets necessary for the conduct of its fine paper merchant business,

Whereas, Metsä-Serla wishes to submit commitments pursuant to Article 6(2) of the Merger Regulation to form the basis for a decision pursuant to Article 6(1)b;

Therefore, Metsä-Serla offers the following commitments (hereafter the “Undertaking”) to allow the Commission to approve the transaction pursuant to Article 6(2) of the Merger Regulation.

This Undertaking shall take effect upon the date of the Commission Decision declaring the notified concentration compatible with the Common Market under Article 6(1)b of the Merger Regulation (the “Effective Date”).

A. DIVESTITURE OF GRAFISKT PAPPER AB

1. Within [**CONFIDENTIAL**] from the Effective Date, unless extended by the Commission in accordance with paragraph 16 of this Undertaking, Metsä-Serla shall sell, or cause to be sold, to a purchaser approved by the Commission, all shares in Grafiskt Papper. Grafiskt Papper will be sold as a going concern. To this extent, Metsä-Serla undertakes, for the period from the submission of this Undertaking until its completion, to take, or refrain from taking, any action, if such action or inaction could jeopardize the viability of Grafiskt Papper.
2. To assist the Commission in determining whether any proposed purchaser of the business is suitable, the trustee, appointed in accordance with section B below, shall submit a fully documented and reasoned proposal enabling the Commission to verify that: (i) the proposed purchaser is unconnected to and independent from Metsä-Serla; (ii) the sale allows Grafiskt Papper to continue to operate as an active competitive force; and (iii) at the time of completion of the purchase, the proposed purchaser has, or can reasonably be expected to obtain, all necessary approvals for the purchase from the relevant competition authorities.

3. If Metsä-Serla has not entered into a binding contract with a purchaser approved by the Commission within [CONFIDENTIAL] from the Effective Date, or has not completed the sale within a further period of [CONFIDENTIAL], the trustee, appointed in accordance with Section B below, shall have the power to effect the divestiture within [CONFIDENTIAL] from the Effective Date.

B. TRUSTEES

4. Metsä-Serla shall propose the name of an independent and experienced institution that it considers appropriate to be appointed as trustee. Such proposal shall be made within fifteen (15) working days from the Effective Date. The Commission shall have the discretion to approve or reject the proposed institution in accordance with Section D. Upon rejection, Metsä-Serla shall submit the names of at least two further institutions, within fifteen (15) working days of being informed of the rejection. If more than one name is approved by the Commission, Metsä-Serla shall be free to choose the trustee to be appointed from among the names approved.
5. Metsä-Serla shall appoint the trustee within five (5) working days after the Commission's explicit or implicit approval in accordance with Section D.
6. Along with its request for approval of a proposed trustee, Metsä-Serla shall submit for the Commission's approval a proposed draft mandate setting forth in detail the scope of the mandate and the responsibilities to be performed under the mandate. At the Commission's request, Metsä-Serla shall modify the proposed mandate to ensure that it is in accordance with the provisions of this Undertaking. Once the trustee has been approved by the Commission, Metsä-Serla shall not make any changes to the mandate without the Commission's approval.
7. The trustee shall:
 - (a) monitor the satisfactory discharge by Metsä-Serla of the obligations entered into in this Undertaking;
 - (b) provide written reports to the Commission on the progress on the implementation of this Undertaking and on the discharge of its mandate. Such reports shall be provided within five (5) working days from the end of every two (2) month period from the Effective Date or at such other time as the Commission may specify;
 - (c) at any other time, provide to the Commission, at its request, a written or oral report on matters falling within the trustee's mandate.

Metsä-Serla will receive a simultaneous copy of any such written reports and shall be informed promptly of the content of any such oral reports.

8. The trustee shall report immediately to the Commission any breach of the Undertaking which comes to its attention and shall not be required to inform Metsä-Serla thereof.

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9. The trustee's mandate as set out above shall not be extended or varied in any way by Metsä-Serla, save with the express written consent of the Commission. Any instruction or request to the trustee from Metsä-Serla which conflicts with the trustee's mandate will be considered null and void.
10. If the trustee, in accordance with this Undertaking, has to conduct negotiations with, and propose a purchaser, the trustee shall:
 - (a) notify the Commission as soon as practically possible concerning the identity of purchasers with whom it has initiated negotiations and advise the Commission why it believes such purchasers are suitable, in view of the criteria specified above;
 - (b) end negotiations with any prospective purchaser, if the Commission determines that the negotiations are being conducted with an unsuitable purchaser; and
 - (c) carry out the negotiations with the view to concluding a binding contract for the divestiture of Grafiskt Papper that takes into account the financial interest of Metsä-Serla (*i.e.*, to obtain the best price and terms possible within the context of the trustee's mandate).
11. Metsä-Serla shall provide the trustee with all such assistance and information, including copies of all relevant documents, in relation to Grafiskt Papper as the trustee may require in carrying out its mandate, and shall pay reasonable remuneration for its services.
12. As soon as this Undertaking has been implemented, the trustee shall request the Commission to be discharged. However, the Commission may at any time require the reappointment of the trustee if it subsequently appears that the relevant remedies might not have been fully and properly implemented.

C. RING-FENCING OF KEY PERSONNEL

13. Prior to and for [CONFIDENTIAL] following divestiture, Metsä-Serla undertakes to refrain from hiring, or approaching with a view to hiring, such personnel at Grafiskt Papper who have had (or currently have) access to sensitive business, commercial, R&D, or other proprietary information, due to his or her professional position or function with Grafiskt Papper.

D. COMMISSION APPROVALS

14. If the Commission has not within ten (10) working days following receipt of a fully documented and reasoned request rejected in writing any proposal submitted to it for approval pursuant to this Undertaking, the proposal shall be deemed to be approved.
15. Provided that the procedure for approval of potential purchasers has been complied with, Metsä-Serla shall be free to accept any offer or to select the offer it considers best in the event of a plurality of approved purchasers for Grafiskt Papper.

16. Any requests or proposals requiring Commission approval shall be addressed to the Director of Directorate B of the Commission's Directorate General for Competition, 70 Rue Joseph II, 1000 Brussels. Any communications to Metsä-Serla shall be addressed to persons to be determined and communicated to the Commission before the Effective Date.

E. GENERAL PROVISIONS

17. At Metsä-Serla's or the trustee's request, the Commission may, at its discretion, extend any period in this Undertaking allowed for the implementation of the divestiture of Grafiskt Papper. Such request shall specify the exceptional circumstances that in Metsä-Serla's or the trustee's opinion justify an extension. Such exceptional circumstances may include any unforeseen delay, which is unrelated to Metsä-Serla, and which is preventing or delaying the divestiture. Any such delay shall not prevent Metsä-Serla from taking the necessary preparatory steps with a view to completing the envisaged divestiture.
18. Metsä-Serla shall provide the Commission with such information as the Commission may require in connection with this Undertaking within ten (10) working days from receipt of the Commission's reasoned request.
19. Nothing in this Undertaking shall require Metsä-Serla to take, or refrain from taking, any action, if such action or inaction would violate any applicable laws and regulations, nor shall it be interpreted so as to prevent Metsä-Serla from gaining access to information which it needs to comply with its obligations under financial reporting, tax and securities laws.
20. At the option of the buyer, the existing supply arrangements between Grafiskt Papper and Metsä-Serla may be continued following divestiture for a period not exceeding [CONFIDENTIAL] from the date of divestiture. For the avoidance of doubt, this commitment does not preclude Metsä-Serla and Grafiskt Papper from continuing or concluding arms' length supply agreements after the aforesaid period.

IN WITNESS WHEREOF, the undersigned, who are duly authorized to act on behalf of Metsä-Serla, have caused this Undertaking to be executed as of:

For Metsä-Serla Corporation:

By: Veli-Matti Mynttinen
Executive Vice President & CFO
Metsä-Serla Corporation

By: Seppo Tuomola
Senior Legal Council
Metsä-Serla Corporation