

AUTHORIZING THE BOARD OF DIRECTORS TO DECIDE ON THE RECOGNITION OF REVERSAL ENTRIES OF REVALUATIONS IN THE RESERVE FOR INVESTED NON-RESTRICTED EQUITY

(Agenda item 17)

The Board of Directors proposes to the Annual General Meeting of UPM-Kymmene Corporation to be held on 7 April 2016 that the Board be authorized to decide on the recognition of reversal entries of revaluations made in the balance sheet in the reserve for invested non-restricted equity in connection with the planned changes in the corporate structure.

The Company announced on 10 December 2015 that it is planning to change its corporate structure in Finland to better match its current business structure in stages business by business. In connection with the change of the corporate structure, the Company will transfer assets to subsidiaries to be incorporated. Revaluations have been made to some of these assets by the Company's predecessor companies. According to the Finnish Accounting Act, transfer of revalued assets requires reversals of revaluations.

The revaluation reserve has been used in the 1980s for share issues without payment to shareholders. Therefore, it is possible that all reversal entries of the revaluations cannot be fully recognised in the revaluation reserve. In this case, reversal entries must be recognised either in retained earnings or in the reserve for invested non-restricted equity.

The Board of Directors proposes that the Board be authorized to decide on the recognition of reversal entries of revaluations made in the balance sheet in the reserve for invested non-restricted equity to the extent they cannot potentially be fully recognised in the revaluation reserve. The maximum amount of reversal entries to be recognised in the reserve for invested non-restricted equity would be EUR 158 million.

The authorization is proposed to be valid until the next Annual General Meeting.

The Company's auditor has issued a statement according to which the Board of Directors' proposal is in compliance with good accounting practice. The auditor's statement is attached to this resolution proposal.

Helsinki, 2 February 2016

UPM-Kymmene Corporation

BOARD OF DIRECTORS



Auditor's Statement (Translation)

To the Annual General Meeting of UPM-Kymmene Corporation

The Board of Directors of UPM-Kymmene Corporation has decided to propose to the Annual General Meeting to be held on 7 April 2016 that the Board be authorized to decide on the recognition of reversal entries of revaluations made in the balance sheet in the reserve for invested non-restricted equity in connection with the planned changes in the corporate structure.

The Board of Directors proposes that the Board be authorized to decide on the recognition of reversal entries of revaluations made in the balance sheet in the reserve for invested non-restricted equity to the extent they cannot potentially be fully recognised in the revaluation reserve. The maximum amount of reversal entries to be recognised in the reserve for invested non-restricted equity would be EUR 158 million.

In our opinion, the Board of Directors' proposal on the recognition of reversal entries of revaluations made in the balance sheet in the reserve for invested non-restricted equity is in compliance with good accounting practice.

Helsinki February 2, 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

A handwritten signature in blue ink, appearing to read 'Merja Lindh', is written over a light blue horizontal line.

Merja Lindh
Authorised Public Accountant