



## **Sappi announces terms of rights offer to acquire M-real's coated graphic paper business**

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**Sappi has finalised the terms of its proposed rights offer to facilitate the acquisition of the coated graphic paper business of M-real, as announced on 29 September 2008. This follows receipt of shareholder approval for the acquisition on 03 November 2008 and competition clearance from the European Commission on 31 October 2008.**

Sappi is seeking to raise approximately ZAR5,815 million (€450 million based on an exchange rate of ZAR12.925/€) through a fully underwritten renounceable rights offer of 286,886,270 new ordinary shares of ZAR1.00 each. The subscription price will be ZAR20.27 per rights offer share and be issued in the ratio of 6 rights offer shares for every 5 Sappi shares held. The subscription price is at a discount of 65.2% to the closing price of Sappi ordinary shares on 6 November 2008 of ZAR58.25, at a discount of 46.0% to the theoretical ex-rights price of a Sappi ordinary share of ZAR37.53 on the same day and at a discount of 44.9% to the theoretical ex-rights price of a Sappi ordinary share (adjusted for the dividend of US\$0.16 per share) of ZAR36.80 on the same day.

The rights offer has been fully underwritten, subject to certain conditions, by Citigroup Global Markets Limited and J.P. Morgan Securities Limited. Certain significant Sappi's shareholders, including Allan Gray and RMB, who between them account for 34.5% of the current share capital, have already agreed to subscribe for their full entitlement under the proposed rights offer.

Commenting on the rights offer, Sappi chief executive Ralph Boëttger said: "We are delighted to have successfully cleared each procedural step to date in this acquisition, obtaining competition clearance and gaining approval from our shareholders. It is reassuring at this stage to hold firm pledges of commitment to this rights offer from certain key shareholders. We would like to thank them for their continued support and reassure them that we remain absolutely committed to delivering value to all of our shareholders."

The transaction to acquire M-real's coated graphic paper business meets Sappi's strategic and financial criteria for acquisitions as it enhances Sappi's global presence, provides an opportunity to increase Sappi's customer base, improves Sappi's strategic flexibility in regards to capacity utilisation, increases the range of products offered and provides anticipated growth and cost synergies. Sappi also expects benefits from increased profitability and returns and improved cash flows for the Sappi group. The acquisition allows

Sappi to strengthen its competitive position in the coated graphic paper industry in Europe and globally.

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*Forward-looking statements*

*Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors, that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results). Such risks, uncertainties and factors include, but are not limited to, the risk that the acquired business will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, expected revenue synergies and cost*

savings from the acquisition may not be fully realized or realized within the expected time frame, revenues following the acquisition may be lower than expected, any anticipated benefits from the consolidation of the European paper business may not be achieved, the ability to obtain governmental or regulatory approvals of the acquisition on the proposed terms and schedule, the failure of shareholders of Sappi to approve the acquisition or the related financings, the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing), adverse changes in the markets for the group's products, consequences of substantial leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed, changing regulatory requirements, unanticipated production disruptions (including as a result of planned or unexpected power outages), economic and political conditions in international markets, the impact of investments, acquisitions and dispositions (including related financing), any delays, unexpected costs or other problems experienced with integrating acquisitions and achieving expected savings and synergies and currency fluctuations. The company undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.

*Notes to Editors:*

*Salient dates and times*

*Key dates and times in respect of the rights offer are set out below:*

*2008*

*Last day to trade in Sappi shares on the JSE in order to qualify to participate in the rights offer (cum rights offer entitlement), Friday, 14 November*  
*Sappi shares trade ex the rights offer entitlement from commencement of trade on Monday, 17 November*

*Record date for letters of allocation Friday, 21 November*

*Rights offer opens at 09:00 and Circular is posted Monday, 24 November*

*Rights offer closes at 12:00 on Friday, 12 December*

*Results of the rights offer and basis of allocation of excess applications published on SENS on or about Monday, 15 December*

*Results of the rights offer and basis of allocation of excess applications published in the South African press on or about Wednesday, 17 December*

*Further information is available at:*

*<http://www.sappi.com/SappiWeb/Investor+info/Sappi+acquisition+of+M-real+assets/Acquisition+details.htm>*

*United States*

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*No other person should seek to participate in the proposed rights offer or rely on this press release or any other offering documents concerning the proposed rights offer.*

#### *Australia, Canada and Japan*

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