

Press Release

Sappi Limited
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Sappi rights offer fully subscribed

Sappi announced today that the rights offer to facilitate the funding of the acquisition of the coated graphic paper business of M-real, as announced on 29 September 2008, has been fully subscribed. 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 shareholders strongly supported the rights offer with initial subscriptions of approximately 99.6% of the available shares and applications for approximately 42.5 million excess allocations. The fully subscribed rights offer will result in Sappi issuing 286,886,270 new ordinary shares of ZAR1.00 each. The gross proceeds to Sappi from the rights offer will be approximately ZAR5,815 million (€450 million based on an exchange rate of ZAR12.925/€). Sappi will use the net proceeds to pay for a portion of the acquisition consideration payable to M-real.

While the rights offer had been fully underwritten by Citigroup Global Markets Limited and J.P. Morgan Securities Limited, they were not required to place or take up any shares. Indeed, of the new shares to be issued, 285,621,333 will be issued pursuant to initial subscriptions and 1,264,937 will be issued pursuant to excess allocations. Sappi's Board of Directors has determined that the 1,264,937 rights offer shares in respect of excess applications will be allocated in an equitable manner and cognisance has been taken of the number of Sappi shares held by each applicant prior to such allocation and the number of rights offer shares for which

application was made by such applicant.

The Sappi share price closed on Friday 12 December at R36.94 per share compared to the theoretical ex- rights price of R 36.80 at the time the rights offer was launched on 7 November 2008.

Commenting on the rights offer, Sappi chief executive Ralph Boëttger said:

“The rights offer has been a huge success and has vindicated management’s decision to pursue this strategically important acquisition despite the turmoil in global financial markets. Sappi shareholders clearly understand the value to the company of this deal and we would like to thank them for their strong support throughout the transaction. Our next objective is to secure the successful integration of the M-real business into Sappi and the realisation of the significant synergies that have been identified.”

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.

Sappi expects the acquisition to be completed on 31 December 2008.

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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 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.

Further information is available at:

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

United States

This press release is not for distribution in the United States. This press release does not constitute or form part of any offer or solicitation to purchase or subscribe for securities in the United States.

The rights offer has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under any relevant securities laws of any state or other jurisdiction of the United States. The securities described herein (the "Securities") may not be offered, sold, taken up, resold, renounced, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state and other securities laws of the United States. The Securities may be offered, sold, taken up, resold, renounced, exercised, pledged, transferred or delivered, by persons outside the United States in accordance with Regulation S under the U.S. Securities Act.

United Kingdom and European Economic Area

This press release and the rights offer are only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors"). In addition, in the United Kingdom, this press release is being distributed only to, and is directed only at, Qualified Investors who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or who are high net worth entities falling within Article 49 of the Order, and to other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). This press release must not be acted on or relied upon (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this press release relates is available only (i) in the United Kingdom to Relevant Persons, and (ii) in any member state of the European Economic Area other than to Qualified Investors, and will be engaged in only with such persons.

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

Australia, Canada and Japan

This press release has not been and will not be sent, and it should not be forwarded, to holders of shares with registered addresses in, and no rights offer entitlement and rights offer shares should be transferred, sold or delivered in or into any of Australia, Canada or Japan. In addition, due to restrictions under the

securities laws of Australia and Japan no offer of the letters of allocation and the rights offer shares being offered in the rights offer is being made under this press release or any offering document to holders of shares with registered addresses in, or to residents of, Australia or Japan.

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