

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, NEW BRUNSWICK, PRINCE EDWARD ISLAND,
NOVA SCOTIA, NEWFOUNDLAND, THE YUKON TERRITORY,
THE NORTHWEST TERRITORIES AND NUNAVUT

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
UPM-KYMMENE CORPORATION
AND REPAP ENTERPRISES INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (collectively, the "Decision Makers") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Yukon Territory, the Northwest Territories and Nunavut (collectively, the "Jurisdictions") has received an application from UPM-Kymmene Corporation ("UPM-Kymmene") for a decision, pursuant to the securities legislation (the "Legislation") of each of the Jurisdictions, that the registration requirement (the "Registration Requirement"), as such term is defined in National Instrument 14-101, shall not apply to certain trades in securities made by the holders in connection with the acquisition by UPM-Kymmene of Repap Enterprises Inc. ("Repap");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS UPM-Kymmene has represented to the Decision Makers that:

1. Repap, a corporation incorporated under the laws of Canada, is a reporting issuer (or the equivalent) in each of the provinces of Canada. Common shares of Repap are listed on The Toronto Stock Exchange. The principal executive offices of Repap are located in Stamford, Connecticut, U.S.A.
2. UPM-Kymmene is a corporation incorporated under the laws of Finland and has its principal executive offices located in Helsinki, Finland.

3. UPM-Kymmene and Repap have entered into an acquisition agreement (the "Acquisition Agreement") pursuant to which UPM-Kymmene will acquire Repap in a transaction to be effected by way of an amalgamation (the "Amalgamation") between 3796477 Canada Inc. ("Acquireco"), a wholly-owned subsidiary of UPM-Kymmene, and Repap.

4. The Amalgamation requires the approval of 66 2/3 per cent of the votes cast by shareholders of Repap, for which a meeting of shareholders is scheduled to be held on October 16, 2000. Upon completion of the Amalgamation, among other things, each issued and outstanding common share of Repap (other than those held by dissenting shareholders and other than those held by Acquireco, if any) will be converted into one special share (collectively, the "Amalco Special Shares") of the corporation ("Amalco") formed by the amalgamation of Acquireco and Repap.

5. The terms of the Amalco Special Shares require holders of the Amalco Special Shares to transfer the Amalco Special Shares to UPM-Kymmene, or its wholly-owned subsidiary, upon notice being delivered by Amalco to those holders. Holders of Amalco Special Shares will be paid \$0.20 for each such Amalco Special Share transferred.

6. The Acquisition Agreement provides that, on the effective date of the Amalgamation and following completion of the Amalgamation, UPM-Kymmene will acquire the Amalco Special Shares pursuant to their terms at \$0.20 per share.

7. Following completion of the Amalgamation, the acquisition by UPM-Kymmene of the Special Shares and other transactions in connection therewith, Amalco will be a wholly-owned subsidiary of UPM-Kymmene.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each of Decision Makers (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the transfer by holders of their Amalco Special Shares to UPM Kymmene, or its wholly-owned subsidiary, pursuant to their terms, as described above, shall not be subject to the Registration Requirement of the Legislation.

DATED at Toronto, Ontario this "16th" day of October, 2000.

Headnote

MRRS Decision - Acquiror corporation to acquire common shares of reporting issuer corporation by way of amalgamation - Common shares to be converted into special shares of corporation to be formed by the amalgamation of acquiring corporation with acquired corporation - Terms of special shares to provide for transfer of special shares to parent (or a

wholly-owned subsidiary) of acquiror upon "call" notice by acquiror - Transfer by holders of special shares to acquiror (or a wholly-owned subsidiary) exempted from registration requirement.

Applicable Ontario Statutes

Securities Act R.S.O. 1990, c. 5.5, as am, s. 25, 35(1) 17, 74(1).

Applicable Ontario Rules

Ontario Securities Commission Rule 45-501: Exempt Distributions