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The Daily hiine

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FEBRUARY 22, 20

WISCONSIN RAPIDS, WI

CPI gives **Finnish** company power to expand

New company to be world's largest paper and board producer

Stora Enso Oyj, Helsinki, Finland, today said it has reached an agreement to acquire Consolidated Papers Inc. for \$4.8 billion, including assumed net debt of \$0.9 billion.

Tim Laatsch, vice president of communications for CPI, said a press conference is scheduled in Wisconsin Rapids no earlier than 9 p.m. tonight, when George W. Mead, chairman of the board, returns from Helsinki. Helsinki

chairman of the board, returns from Helsinki.

The transaction has been unanimously approved by the boards of directors of both companies but is subject to the approval of the shareholders of both as well as regulatory approval, Stora Enso said in a press release.

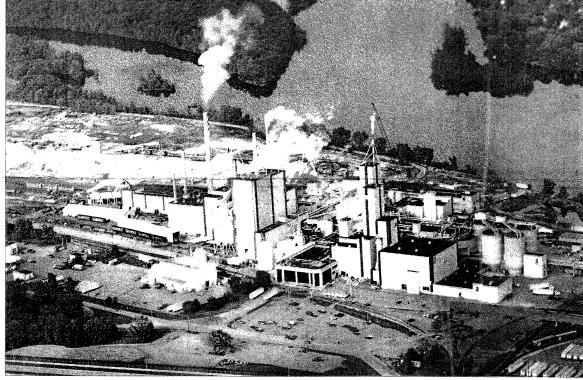
The combined enterprise will be the largest producer of paper and board by capacity worldwide, with total 1999 sales of about \$13.2 billion and total paper capacity of about 16.5 million tons.

According to a press release issued at about 3 a.m. today, Stora Enso's strategic rationale for the acquisition includes the opportunity to expand into the world's largest paper market by acquiring the premier coated and supercalendered paper producer with leading market positions in Stora Enso's core paper grades, and creating a powerful North American platform for future growth.

In Europe, Stora Enso is one of the

growth.

In Europe, Stora Enso is one of the two largest producers of lightweight coated and supercalendered paper used in magazines, and coated fine papers used in higher quality publications, such as annual reports and marketing brochures. marketing brochures.



Consolidated Papers Inc., stretching its roots in the community to 1894, is being acquired by Stora Enso Oyj, a leading forest- products company.

ocal officials concerned

Community leaders hopeful European company will maintain social conscience of CPI

By MELISSA A. LAKE Tribune Staff Writer

Tribune Staff Writer
Rumors swirled for weeks, like wood chips blowing off of a truck.
Today, it became reality.
Stora Enso of Helsinki, Finland, has purchased Consolidated Papers Inc., the area's largest employer.
Area officials, on hearing the news early today, expressed concern.
"Oh my God!" said state Rep. Marlin Schneider, D-Wisconsin Rapids. Schneider was awakened by a Daily Tribune

reporter at his Madison residence.

"My first thought is that it's frightening for the people who work there, and for us, because of the uncertainty that comes with change," he said. "Hopefully, this company (Stora Enso) will not be anti-union or want to make significant reductions in the work force."

Mayor Vernon "Bud" Verjinsky said the latest rumor he had heard named Mead Corp., Dayton, Ohio, as the likely CPI suitor. "CPI has been here for such a long time," he said. "It has provided a lot of employment for the community, and it has done a lot of good for the community."

It's the uncertainty that's unsettling, Verjinsky and Schneider said. "I know a lot of people out there are a little uneasy right now," Verjin-

sky said. "I can only hope everything will continue on as it has in the past."
Kathy Venturelli, executive director of River Cities Development Corp., said corporate change can be challenging.

"I think the community has been trying to prepare itself for the changes that have been happening and are happening in the paper industry and in businesses all around the world," she said. "Globalization and continuing mergers to create larger corporations that can be the most competitive in today's economy have hard impacts at the local level.

"The state has seen this happen before, and we know that the governor will take a strong and active role in welcoming Stora Enso to the state. We'll do the same at the local level.

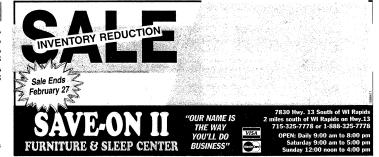
This community will become strong partners in this new global venture."

It will be an adjustment to go from a "locally owned" Consolidated Papers to a European-owned Stora Enso, Schneider said. "CPI has been one of the best corporate citizens in the entire country. I'm hopeful that the new owners will maintain that social conscience that made CPI such a wonderful corporate citizen."

Verjinsky reminisced about the many civic contributions CPI and the founding Mead family have made to the Wisconsin Rapids area. "I've always appreciated what CPI did in the community, and the Meads have always been interested in the community," he said. "You could always count on the Meads to help out in a pinch."

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- World markets in brief 🦠

-0.1% 3,120.1

Shares converted at \$44 value

have 3 options under agreement

According to a press release issued early this morning, terms of the agreement between Consolidated Papers Inc. and Stora Enso Oyj, Helsinki, Finland, call for all of the issued and outstanding shares of CPI stock to be converted at the election of the verted, at the election of the verted, at the election of the holder, with the value of \$44 per CPI share into one of the following:

Cash.
Stora Enso American

Stora Enso American Depository Receipts (ADRs) representing an interest in underlying Series R shares of Stora Enso to facilitate trading

■ Into a combination of sh and ADRs. Each ADR Il represent one Series R are of Stora Enso.

CPI shareholders' elections are hor ADRs will be pro-

CPI shareholders' elections of cash or ADRs will be prorated, to the extent necessary, to maintain a 50 percent cash and 50 percent ADR aggregate consideration mix. The exchange ratio for CPI shares converted into ADRs will be between 2.678 and 3.621 ADRs per CPI share, based on the average trading value of Stora Enso Series R shares over a period just prior to the closing, as necessary to provide \$44 in value per share.

However, the exchange ratio will be fixed at 2.678 ADRs for each CPI share if Stora Enso Series R shares are

Stora Enso Series R shares are then trading at a European

dollar trading price higher than a United State's 16.43 equivalent and will be fixed at 3.621 ADRs if the Series R shares are then trading below 12.15 equivalent.

shares are then trading below a 12.15 equivalent. Assuming 140 million Stora Enso Series R shares are issued, CPI shareholders would receive about a 15.5 percent economic interest and 5 percent of the vote in Stora Enso

cent of the vote in Stora Enso.
The transaction values
CPI's total equity at \$4 billion
or \$44 per share. This represents a premium to CPI shareholders of 69 percent based on
a Feb. 18 closing price of
\$26.00, and is 34 percent above
the 52-week high price of
\$32.88.
Store Enso will account for

Stora Enso will account for the transaction as a purchase, and the transaction goodwill is estimated to aggregate about \$2.7 billion. Management estimates that the transaction will be accretive in the first full year to cash earnings per share and dilutive after amortization of goodwill. The transaction is expected to qualify for tax-free treatment to the extent Stora Enso ADRs are extent Stora Enso ADRs are received in exchange for shares of CPI.

shares of CPI.

Stora Enso management expects that the ADRs will be registered and listed, and the transaction closed, by August. The ADR program is designed to establish a liquid market with an estimated initial float of about \$2 billion. In the event that the ADRs have not been registered and listed by Oct. 31, Stora Enso will complete 31, Stora Enso will complete the transaction on a 100 per-

Investors and security holders are advised to read the proxy statement/prospectus regarding the business combination transaction referenced in this press release, when it becomes available, because it will contain important information. The proxy state-ment/prospectus will be filed with the Securities and

with the Securities and Exchange Commission by Stora Enso Oyj and CPI.
Security holders may obtain a free copy of the proxy statement/prospectus (when available) and other related documents filed by Stora Enso Oyj and CPI at the SEC's Web site at www.sec.gov. When available, the proxy statement/prospectus and the oth-

er documents may also be obtained from Stora Enso by contacting:

Stora Enso Oyj, Attention:

Maja Harsu, Investor Relations, Kanavaranta 1, P.O. Box 309, FTN-00101 Helsinki, Finland.
■ CPI, Attention: Tim Laatsch, Corporate Communications, 231 1st Ave. N., P.O. Box 8050, Wisconsin Rapids, WI 54405,8050 WI 54495-8050.

CPI, its directors, executive officers and certain other members of CPI management and employees may be solicit-ing proxies from CPI shareholders in favor of the merger. Information concerning the participants will be set forth participants will be set forth in the proxy statement/prospectus when it is filed with the SEC.

Family legacy ends

Local ownership defined company's 96-year history

By MARK SCARBOROUGH

Tribune Staff Writer

onsolidated Papers Inc. traces its history to an 1890s move to consolidate water powers in the Wisconsin River-divided communities of Centralia and Grand Rapids, which would change its name to Wisconsin Rapids by 1920.

One of the visionary businessmen behind this endeavor was Jere Delos Witter, an 1890s banker who died before his dream was realized.

behind this endeavor was Jere Delos Witter, an 1890s banker who died before his dream was realized.

It was left to his son-in-law, Rockford furniture seller, George Wilson Mead, to help make the firm that became Consolidated Papers Inc.

According to the 1923 history of Wood County, the Consolidated Water Power & Paper Co. began with a partnership of J.D. Witter and Nels Johnson, one of the men behind the Johnson Hills Department Store on West Grand Avenue. Johnson also died before the first Consolidated machines turned a sheet of paper.

"... After some years of effort, they succeeded in consolidating all the water powers operating on the river in this vicinity into one company," editors of the history reported. "... During these operations, the idea of a paper mill was not definitely in mind, merely a consolidation of the water powers being contemplated; but in 1902, the paper mill project was decided upon ..."

With the death of the main partners,

project was decided upon ..."

With the death of the main partners, the burden for making this business strive fell upon Mead, who also arrived here in 1902.

The place held by the mill today among the foremost paper manufac-turing plants of the nation tells the of his efforts," the 1923 history

orn in Chicago in 1871, the year town burned down, Mead was 9 s old when he died of a heart

years old when he died of a heart attack on Oct. 2, 1961.
Mead had married Ruth Emily Witter, daughter of J.D., on Oct. 18, 1889.
A "widely known industrialist, financier and philanthropist," Mead was tied to CPI for 48 years, serving as the firm's president from 1916 to 1950, according to his Daily Tribune obituary, published Oct. 2, 1961.
In 1950, Mead suffered a stroke from which he never fully recovered. Retiring that year from Consolidated,

Mead was nevertheless named the firm's 1957 honorary chairman of the

A Republican, Mead served as may-or of Wisconsin Rapids from 1926 to 1932, and ran, unsuccessfully, for the U.S. Senate in 1928.

U.S. Senate in 1928.
G.W. Mead was succeeded at the helm of CPI by his son, Stanton, who died in the late 1980s. Stanton served

helm of CPI by his son, Stanton, who died in the late 1980s. Stanton served as the firm's president.

Stanton's son, the current George W. Mead, eventually became CPI's chairman of the board.

(The Mead family, always living in Wisconsin Rapids, gave freely of their wealth. Parks, churches, libraries, schools and other institutions benefited from their gifts. Due to the family's influence, Hotel Mead (formerly The Mead Inn) took shape here as a fashionable stopping place in the central Wisconsin, while the Consolidated Papers Foundation Inc. gave dollars to countless charities.)

"At its inception (in 1902), the mill consisted of two paper machines and 14 grinders, with a water-power installation of 11,000 horse-power," according to the 1923 Wood County history. "The total output of the mill (then) was 50 tons per day. The output now (in 1923) is 325 tons of paper and 50 tons of sulphite daily, and 2,000 people are employed ... by the company."

The firm, which changed its name in 1962 from Consolidated Water Power & Paper Co. to Consolidated Papers Inc., employed about 6,400 in the year 2000, at the start of its second century, with manufacturing facilities in Wisconsin and Minnesota.

The company owns and manages more than 673,000 acres of forest land in Wisconsin, Michigan and Ontario,

Canada.

Instead of the newsprint that was the mainstay of the firm at its start, CPI now makes coated and supercalendered printing papers, used to publish magazines, brochures, advertising communications and corporate annual reports.

CPI's labor relations have been

CPI's labor relations have been remarkably good, with major strikes rare. The first strike came in April 1919, when workers at the company joined their first union. Among the handful of other labor disputes, there was a 20-day strike of papermakers in 1957 and a 12-day strike of Mead Inn employees in 1985. There was also an eight-month strike of plumbers and pipefitters in 1966.



of J.D. Witter and Nels Johnson in the 1890s. The company, which eventually became Consolidated Papers Inc., now employs about 6,400. News of CPI's sale was annou

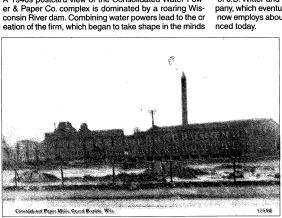


Photo courtesy of Mark Scarborough
This postcard view of the Consolidated Water Power & Paper Co. mill dates from
before 1920, when Grand Rapids changed its name to Wisconsin Rapids. Changing its name to Consolidated Papers Inc. in the 1960s, the worldclass papermaker first made paper here in 1904, under the management of a former Rockford furniture seller, George Wilson Mead (Feb. 22, 1871-Oct. 2, 1871).

About Stora Enso

Stora Enso is one of the world's leading forest industry companies, formed through the merger of Finnish Enso and Swedish STORA at the end of 1998. This combination has been

This combination has been extremely successful, with synergies more than double targeted levels. Stora Enso is an integrated forest products group that manufactures magazine paper, newsprint, fine paper and packaging boards, supported by 2.1 million hectares of productive forestland.

million hectares of productive rorest-land.

Stora Enso holds strong global posi-tions in all of the aforementioned prod-uct areas. Stora Enso employs approxi-mately 40,000 people and maintains operations in Europe, Asia and North America. Additionally, Stora Enso has sales and marketing organizations throughout the world.

Stora Enso is listed on the Helsinki Stock Exchange as STERV and on the Stockholm Stock Exchange as STER.

CPI timeline: The early years

1894 Company organized under the corporate title of Consolidated Water Power Company to consolidate several small water powers on the Wisconsin River.

1902 Name of the company changed to Consolidated Water Power & Paper Company. Articles of incorporation amended to include papermaking.

1904 Wisconsin Rapids Division begins operations with the world's first electrically powered papermachines.

1911 Biron Division acquired. (Mill started up'in 1896.) Wisconsin Rapids and Biron mills make newsprint and hanger (walloaper).

A 1940s postcard view of the Consolidated Water Pow-

consin Hapids and Biron mills make newsprint and nanger (wallpaper).

1916 Interlake Division at Appleton acquired to ensure a consistent supply of sulfite pulp. Closed in 1982.

1916 Construction of No. 13 board machine begins. The machine, which uses wastepaper as its source of pulp, comes on line in 1917.

1918 Consolidated builds Stevens Point paper mill and hydroelectric plant. Mill makes waxing, issue and specialty papers. First paper machine comes on line in 1919; second in 1921.

1921. The paper macrime comes on line in 1919; second in 1921.

1920 Newaygo Timber Company, Ltd., acquired with substantial timberlands acreage in Ontario, Canada.

1920 New paper machine — No. 14 — built at Wisconsin Rapids Division. Starts up in 1921.

1922 New paper machine — No. 23 — built at Biron Division. Starts up in 1923.

1928 Thunder Bay Division completed at Port Arthur, Ontario. The mill was sold later that year in Canadian consolidation program of large newsprint mills.

1930 Forestry program begun in effort to ensure a supply of wood for future use.

Coated paper pioneers

Coated paper pioneers

1935 Consolidated revolutionizes the industry with the first coated paper manufactured in a single, high-speed operation, at Wisconsin Rapids Division. Within two years, seven paper machines are converted to use new
1937 No 15 paper machine built at Wisconsin Rapids Division. Carries the motto "Built for Life-Operated for Life" in recognition of its production for Life magazine.
1943 Using coating technology, Consolidated develops a strong plastic material used for production of World War I I aircraft equipment. In 1945, this process is used to produce a decorative laminate material called Consoweld.
1945 Consolidated purchases the Wisconsin River Pulp and Paper Company mill at Whiting (mill started up in 1892), it becomes known as our Wisconsin River Division. It was the last newsprint manufacturing plant in Wisconsin. Consolidated quickly converted its two paper machines to produce coated papers.

papers.

1948 Ahdawagam Paper Product Company (now Paper-board Products), manufacturer of paperboard containers, car-

is and cores, merges with Consolidated.

1951 The Hotel Mead opens as one of the nation's first

rinns. 954 New Consoweld plant built to manufacture decorative nates. Sold in 1985.

laminates. Sold in 1995.

1955 New paper machine — No. 25 — built at Biron Division. Starts up in 1957.

1959 Construction of Research & Development Division begins. Completed in 1960.

1960 Ground broken for No. 63 paper machine at Wisconsin River Division. Starts up in 1961 producing lightweight coated papers for magazines and catalogs.

Decades of growth, sharpening of focus

1962 Corporate name changed from Consolidated Water ower & Paper Company to Consolidated Papers, Inc.
1966 Construction of Kraft Division (pulp mill) begins.
omes on line in 1968.
1970 Purchased Castle Rock Container Company, a corruted container plant in Adams. Sold in 1999.

ted container plant in Adams. Sold in 1999.

1973 Broke ground for converting plant facility to sheet awier-weight coated printing paper from Wisconsin Rapids vision. Began operations in 1974.

1974 Significant improvement in water quality results from nstruction and start-up of Water Quality Center and Water enewal Center.

Renewal Center.

Renewa

giftwrap, bar code labels and pressure-sensitive release papers.

1990 No. 16 paper machine expansion begins at Wisconsin Rapids Division. Starts up in 1992, producing heavier-weight coated printing paper for annual reports, brochures, etc.

1995 Ground broken for No. 35 paper machine expansion at Stevens Point Division. Starts up in 1997, producing lightweight coated specialty paper used in food and consumer product packaging and labeling, giftwrap, barcode labels and pressure-sensitive release papers.

1995 Consolidated purchases Niagara of Wisconsin Paper Corporation, Niagara, Wis. and Lake Superior Paper Industries/Superior Recycled Fiber Industries, Duluth, Minn.

1997 Consolidated purchases Repap USA, Inc., acquiring Repap's mill in Kimberly, Wis.

Source: Consolidated Papers Inc. Historical Highlights

Consolidated Papers has similar strengths in North America in these three paper grades. CPI's marketing network will provide additional distribution for about 990,000 to currently exported by Stora Enso to United States.

United States.

Stora Enso said its strategic rationale for the acquisition "includes the opportunity to expand into the world's largest paper market by acquiring the premier coated and supercalendered paper producer with leading market positions in Stora Enso's core paper grades, creating a powerful North American platform for future growth."

American platform for future growth."

Jukka Harmala, chief executive officer of Stora Enso, said the acquisition "marks the first major step toward the successful execution of our North American strategy. With approximately 13 million tons of manufacturing capacity in Europe, and the integration of Stora and Enso behind us, the further development of our manufacturing base in North America is our highest priority.

priority.

"We believe that Consolidated Papers represents an ideal strategic fit for our business. We are particularly attracted by Consolidated Papers' narrow product focus, the 100-year reputation of the business and its outstanding customer relationships. tomer relationships.
"The addition of its leading North

American market share, excellent

American market share, excellent management team and dedicated employees provides our combined forces with a strong competitive position in the global marketplace."

Stora Enso was advised on the transaction by Salomon Smith Barney Inc. CPI was advised by Goldman, Sachs & Co. The release said Mead will be invitable. ed to join the Stora Enso board of direc-

Co. The release said wheat will be inviectors.

"Consolidation in the paper industry is accelerating," Mead said in the release. "Our company has been extremely successful in building an admired franchise in North America. Throughout the long history of our company, the management team and employees have consistently rewarded shareholders with some of the best financial results in the industry.

"We believe that the future success of the business and the ability to serve our loyal customer base will be enhanced by being a central part of the North American strategy of a global company such as Stora Enso."

The companies anticipate annual pretax operating synergies of about \$110 million through sales and logistics optimization, best manufacturing practices, and purchasing efficiencies, the

optimization, oest manufacturing practices, and purchasing efficiencies, the release said. About \$90 million of the savings is expected to be realized by the end of 2001, with the full amount achieved in 2002.