CENTURYTEL INC
Form 4
August 03, 2005

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MASLOWSKI MICHAEL E

(Last) (First) (Middle)

100 CENTURYTEL DRIVE

(Street)

MONROE, LA 71203

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CENTURYTEL INC [CTL]

3. Date of Earliest Transaction (Month/Day/Year)
08/02/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sr. VP & Chief Info. Off.

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/02/2005		M		27,000	A	$ 27.48	55,256.62	D	
Common Stock	08/02/2005		S		27,000	D	$ 35.01	28,256.62	D	
Common Stock	08/03/2005		M		81,000	A	$ 28.03	109,256.62	D	
Common Stock	08/03/2005		S		81,000	D	$ 35.15	28,256.62	D	
Common Stock	08/03/2005		S		910	D	$ 35.28	27,346.62	D	

Common Stock		149.94	I	By 401(k) (1)
Common Stock		1,174.45	I	By ESOP (2)
Common Stock		373.39	I	By Stock Bonus Plan (2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	$ 27.48	08/02/2005		M			27,000	02/24/2004 (3)	02/24/2013	Common Stock	27,0
Employee Stock Option (right to buy)	$ 28.03	08/03/2005		M			81,000	05/21/2002 (4)	05/21/2011	Common Stock	81,0
Employee Stock Option (right to buy)	$ 45.54							03/24/2000	03/24/2009	Common Stock	19,1
Employee Stock Option (right to buy)	$ 34.63							02/21/2001 (5)	02/21/2010	Common Stock	50,0

Employee Stock Option (right to buy)	$ 32.99		02/25/2003 (6)	02/25/2012	Common Stock	81,0
Employee Stock Option (right to buy)	$ 28.34		02/25/2004	02/25/2014	Common Stock	40,5
Employee Stock Option (right to buy)	$ 33.4		02/17/2005 (7)	02/17/2015	Common Stock	40,5
Phantom Stock Units	$ 0 (8)		(9)	(9)	Common Stock	987

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MASLOWSKI MICHAEL E 100 CENTURYTEL DRIVE MONROE, LA 71203			Sr. VP & Chief Info. Off.	

Signatures

By: Kay C. Buchart, Attorney-In-Fact	08/03/2005
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- **(1)** As of most recent statement available
- **(2)** As of most recent statement available.
- **(3)** One-third of the Stock Options are exercisable 2/24/04, one-third are exercisable 2/24/05, and one-third are exercisable 2/24/06.
- **(4)** One-third of the Stock Options are exercisable 5/21/02, one-third are exercisable 5/21/03, and one-third are exercisable 5/21/04.
- **(5)** One-third of the Stock Options are exercisable 2/21/2001, one-third are exercisable on 2/21/2002, and one-third are exercisable on 2/21/2003.
- **(6)** One-third of the Stock Options are exercisable 2/25/03, one-third are exercisable 2/25/04, and one-third are exercisable 2/25/05.
- **(7)** One-third of the options are exercisable immediately, one-third are exercisable 2/17/06, and one-third are exercisable 2/17/07.
- **(8)** Security converts on a 1-to-1 basis.

(9) The reported phantom stock units were acquired under CTE's excess benefit plan and will be settled upon the reporting person's termination of service.

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Operating profit (loss)
to sales (%)
20.9
(1.9)
– 17.6
Special items *
(48)
–
– (26)
Operating profit (loss) excluding
special items
19
(7)
– 34
Operating profit (loss) excluding
special items to sales (%)
5.9
(1.9)
– 10.0
EBITDA excluding special items
42
19
121.1 58
EBITDA excluding special items
to sales (%)
13.1
5.2
– 17.1
RONOA pa (%)
7.8
(2.6)
– 13.5

* See note 10 to the financial statements on page 15.

The North American business improved its operating performance (excluding special items) compared to a year ago. Operating profit (excluding special items) declined compared to the prior quarter as a result of the adverse impact of the scheduled major pulp mill shut at Somerset Mill.

US coated paper demand has shown an upward trend since May 2009 and coated woodfree shipments for the quarter recorded the first year-on-year increase since the quarter ended December 2007 (up 2.4%). Prices realised for coated paper were 11% below the equivalent quarter last year. Pulp prices realised showed a strongly improving trend but remained well below prices a year ago.

Margins have been restored as a result of improved volumes and effective management of costs, which remains a priority. Fixed costs and supply chain and variable costs per ton were each significantly lower than the equivalent quarter last year.

The alternative fuel tax credit for the quarter was US$49 million, which is included in special items. The law under which this credit was paid expired on 31 December 2009 and we do not expect to receive any further credits subsequent to that date.

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Southern Africa – Forest and Paper Products
Quarter
Quarter
Quarter
ended
ended % %
ended
Dec 2009
Dec 2008 change
change
Sept 2009
US$ million
US$ million
(US$)
(Rand)
US$ million
Sales
364
263
38.4
5.3
345
Operating (loss) profit
(86)
51
(268.6)
(228.2)
(125)
Operating profit (loss)
to sales (%)
(23.6)
19.4 – –
(36.2)
Special items *
115
(32)
– –
115
Operating profit (loss) excluding
special items
29
19
52.6
16.4
(10)
Operating profit (loss) excluding
special items to sales (%)
8.0
7.2
– –

(2.9)
EBITDA excluding special items
55
37
48.6
13.2
15
EBITDA excluding special items
to sales (%)
15.1
14.1 – –
4.3
RONOA pa (%)
6.3
4.4
– –
(2.3)
* See note 10 to the financial statements on page 15.
The results of the Southern African Fine Paper division are included in Southern Africa – Forest and Paper Products from this quarter in accordance with the geographic management of the division.
Forest Products returned to profitability (excluding special items) for the quarter after two quarters of operating losses (excluding special items).
The Southern African domestic markets remained weak, adversely impacting demand and pricing for our domestic sales. Export revenues continued to be impacted by the relatively stronger Rand to US Dollar exchange rate, which averaged R7.50 compared to R9.86 per US Dollar in the equivalent quarter last year.
The Saiccor Mill output continued at close to capacity levels for the quarter and operating efficiencies at the mill improved as we gained experience running the expanded mill.
Prices for chemical cellulose increased steadily through the quarter, helping to offset the effect of the stronger exchange rate.
Prices of our major raw materials were lower than a year earlier, in particular wood and chemicals. Electricity costs, however, increased as a result of major rate increases. There is a risk of further major increases. We continue to prioritise reduced energy consumption to help offset the rate increases, and we aim to improve our self-sufficiency through investment in power generation.
The Usutu Pulp Mill will cease operations at the end of January 2010. We are addressing the future of the site and plantations with a potential investor and the government of Swaziland.

Outlook

Conditions in our major markets are expected to improve gradually in 2010, resulting in rising demand for our products. Although we expect demand and our capacity utilisation rates to improve compared to financial 2009, we do not expect demand to return to 2008 levels. We will therefore continue to manage our output to meet customer demand. Current indications are that recovery of coated mechanical paper is lagging coated woodfree paper, which will impact our European business.

As markets improve, it is likely that input prices for our raw materials and energy will also rise. The strong demand for pulp and chemical cellulose, accompanied by rising prices, is expected to have a favourable effect on the Southern African and North American businesses, which are net pulp sellers. Increased pulp prices are, however, expected to result in rising costs for our European business which purchases more than half of its pulp requirements.

The achievement of Acquisition synergies and the effect of our cost reduction initiatives and mill closures over the past year are expected to help us offset rising input costs.

Against this background, we expect the operating profit excluding special items to remain positive in the second financial quarter but to be below the level achieved this quarter.

On behalf of the board

R J Boëttger

M R Thompson

Director

Director

28 January 2010

sappi limited

(Registration number 1936/008963/06)

Issuer Code: SAVVI

JSE Code: SAP

ISIN: ZAE000006284

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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. The words ‘believe’, ‘anticipate’, ‘expect’, ‘intend’, ‘estimate’, ‘plan’, ‘assume’, ‘positioned’, ‘will’, ‘may’, ‘should’, ‘risk’ and other similar expressions, which are predictions of or indicate future events and future trends, which do not relate to historical matters, identify forward-looking statements. 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 impact of the global economic downturn, the risk that the Acquisition 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 realised or realised 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 highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicality, 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, possible early termination of alternative fuel tax credits, 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. We undertake 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.

We have included in this announcement an estimate of total synergies from the Acquisition and the integration of the acquired business into our existing business. The estimate of synergies is based on assumptions which in the view of our management were prepared on a reasonable basis, reflect the best currently available estimates and judgements, and present, to the best of our management’s knowledge and belief, the expected course of action and the expected future financial impact on our performance due to the Acquisition. However, the assumptions about these expected synergies are inherently uncertain and, though considered reasonable by management as of the date of preparation, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in this estimate of synergies. There can be no assurance that we will be able to successfully implement the strategic or operational initiatives that are intended, or realise the estimated synergies. This synergy estimate is not a profit forecast or a profit estimate and should not be treated as such or relied on by shareholders or prospective investors to calculate the likely level of profits or losses for Sappi.

first quarter results
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Group income statement
Reviewed
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
Notes
US$ million
US$ million
Sales
1,620
1,187
Cost of sales
1,531
1,042
Gross profit
89
145
Selling, general and administrative expenses
107
86
Other operating (income) expense
(16)
3
Share of profit from associates and joint ventures
(3)
(1)
Operating profit 3
1
57
Net finance costs
73
21
Net interest
79
31
Net foreign exchange gains
(3)
(7)
Net fair value gain on financial instruments
(3)
(3)
(Loss) profit before taxation
(72)
36
Taxation
(21)

13
Current
4
10
Deferred
(25)
3
(Loss) profit for the period
(51)
23
Basic (loss) earnings per share (US cents) 4
(10)
6
Weighted average number of shares in issue (millions)
4
515.6
383.0
Diluted basic (loss) earnings per share (US cents) 4
(10)
6
Weighted average number of shares on fully diluted basis (millions)
4
515.6
385.5
Group statement of comprehensive income
Reviewed
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
US$ million
US$ million
(Loss) profit for the period
(51)
23
Other comprehensive loss, net of tax
(24)
(270)
Exchange differences on translation of foreign operations
(25)
(293)
Movements on cash flow hedge
1
32
Total comprehensive loss for the period
(75)
(247)

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Group balance sheet
Reviewed
Dec 2009
Sept 2009
US$ million
US$ million
ASSETS
Non-current assets
4,563
4,867
Property, plant and equipment
3,798
3,934
Plantations
445
611
Deferred taxation
56
56
Other non-current assets
264
266
Current assets
2,582
2,430
Inventories
813
792
Trade and other receivables
906
868
Cash and cash equivalents
786
770
Assets classified as held for sale
77
–
Total assets
7,145
7,297
EQUITY AND LIABILITIES
Shareholders' equity
Ordinary shareholders' interest
1,721
1,794
Non-current liabilities
3,574
3,662
Interest-bearing borrowings
2,691

2,726
Deferred taxation
325
355
Other non-current liabilities
558
581
Current liabilities
1,850
1,841
Interest-bearing borrowings
642
601
Bank overdraft
34
19
Other current liabilities
1,092
1,165
Taxation payable
54
56
Liabilities associated with assets held for sale
28
–
Total equity and liabilities
7,145
7,297
Number of shares in issue at balance sheet date (millions)
515.6
515.7

first quarter results
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Group cash flow statement
Reviewed
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
US$ million
US$ million
(Loss) profit for the period
(51)
23
Adjustment for:
Depreciation, fellings and amortisation
132
97
Taxation
(21)
13
Net finance costs
73
21
Post-employment benefits
(13)
(8)
Plantation fair value adjustment
95
(34)
Other non-cash items
30
(17)
Cash generated from operations
245
95
Movement in working capital
(170)
(96)
Net finance costs
(64)
(44)
Taxation paid
(4)
1
Dividends paid
–
(37)
Cash retained from (utilised in) operating activities
7

(81)
Cash utilised in investing activities
(37)
(40)
(30)
(121)
Cash effects of financing activities
57
793
Net movement in cash and cash equivalents
27
672
Statement of changes in equity
Reviewed
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
US$ million
US$ million
Balance – beginning of period
1,794
1,605
Total comprehensive loss for the period
(75)
(247)
Dividends paid
–
(37)
Rights offer
–
536
Transfers to participants of the share purchase trust
–
3
Share-based payment reserve
2
3
Balance – end of period
1,721
1,863

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Notes to the group results
1. Basis of preparation
The condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Apart from the adoption of IFRS 8 “Operating Segments”, the accounting policies and methods of computation used in the preparation of the results are consistent, in all material respects, with those used in the annual financial statements for September 2009 which are compliant with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.
The results are unaudited.
2. Adoption of IFRS 8 “Operating Segments”
The adoption of IFRS 8 “Operating Segments” did not have an impact on the group’s reported results or financial position.
IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are components of an entity for which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and assessing performance. Prior year segment disclosure has been restated as reflected in note 10.
Reviewed
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
US$ million
US$ million
3. Operating profit
Included in operating profit are the following non-cash items:
Depreciation and amortisation
112
81
Fair value adjustment on plantations (included in cost of sales)
Changes in volume
Fellings
20
16
Growth
(19)
(16)
1
–
Plantation price fair value adjustment
95
(34)
96
(34)
Included in other operating (income) expense are the following:
Asset (impairment reversals) impairments
(8)
3
Loss (profit) on disposal of property, plant and equipment

2
(1)
Restructuring provisions raised
38
–
Fuel tax credit
(49)
–
4. Headline (loss) earnings per share *
Headline (loss) earnings per share (US cents)
(11)
7
Weighted average number of shares in issue (millions)
515.6
383.0
Diluted headline (loss) earnings per share (US cents)
(11)
6
Weighted average number of shares on fully diluted basis (millions)
515.6
385.5
Calculation of headline (loss) earnings *
(Loss) profit for the period
(51)
23
Asset (impairment reversals) impairments
(8)
3
Loss (profit) on disposal of property, plant and equipment
2
(1)
Tax effect of above items
–
–
Headline (loss) earnings
(57)
25
*Headline earnings disclosure is required by the JSE Limited.

first quarter results
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Reviewed
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
US$ million
US$ million
5. Capital expenditure
Property, plant and equipment
37
47
Dec 2009
Sept 2009
US$ million
US$ million
6. Capital commitments
Contracted
66
62
Approved but not contracted
169
126
235
188
7. Contingent liabilities
Guarantees and suretyships
53
44
Other contingent liabilities
8
8
61
52
8. Interest-bearing borrowings
Secured borrowings
1,884
1,878
Unsecured borrowings
1,449
1,449
Total
3,333
3,327
Less: Current portion included in current liabilities
(642)
(601)
2,691

2,726

Our September 2009 disclosure has been amended to correctly reflect the split between secured and unsecured interest-bearing borrowings and to reflect the classification set out in the detailed list of borrowings in note 20 to the 2009 group annual financial statements.

	As previously reported	Reclassification	Correctly classified
Secured borrowings	1,350	528	1,878
Unsecured borrowings	1,977	(528)	1,449
Total	3,327	–	3,327

9. Material balance sheet movements year on year

During the quarter, Sappi announced its intention to close Usutu Pulp Mill. The disposal group, consisting mainly of plantations, have been classified as held for sale.

10. Segment information
Restatement of prior year disclosures
Sappi Fine Paper South Africa is reported as part of the Forest and Paper Products segment in accordance with the geographical management of our business. The table below shows the effect of this change for the quarter ended December 2008:
As previously
US$ million
reported
Adjustment
Restated
Fine Paper
Sales 998
(74)
924
Operating profit
8
(2)
6
Net operating assets
2,869
(170)
2,699
Forest and Paper Products – Pulp and paper operations
Sales 174
74
248
Operating profit
49
2
51
Net operating assets
1,456
170
1,626
The information below is presented in the way that it is reviewed by the chief operating decision-maker as required by IFRS 8 "Operating Segments".
Restated
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
US$ million
US$ million
Metric tons
Metric tons
(000's)
(000's)

Sales volume
Fine Paper –
North America
322
330
Europe
944
556
Total
1,266
886
Forest and Paper Products –
Pulp and paper operations
450
356
Forestry
operations
168
242
Total
1,884
1,484
US$ million
US$ million
Sales
Fine Paper –
North America
320
363
Europe
936
561
Total
1,256
924
Forest and Paper Products –
Pulp and paper operations
350
248
Forestry
operations
14
15
Total
1,620
1,187
Operating profit excluding special items
Fine Paper –
North America
19
(7)

Europe
25
13
Total
44
6
Forest and Paper Products
29
19
Corporate and other
8
–
Total
81
25

first quarter results
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Restated
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
US$ million
US$ million
Special items – losses (gains)
Fine Paper –
North America
(48)
–
Europe
13
–
Total
(35)
–
Forest and Paper Products
115
(32)
Total
80
(32)
Operating profit
Fine Paper –
North America
67
(7)
Europe
12
13
Total
79
6
Forest and Paper Products
(86)
51
Corporate and other
8
–
Total
1
57
EBITDA excluding special items
Fine Paper –
North America

42
19
Europe
88
50
Total
130
69
Forest and Paper Products
55
37
Corporate and other
8
–
Total
193
106
Net operating assets
Fine Paper –
North America
980
1,100
Europe
2,364
1,599
Total
3,344
2,699
Forest and Paper Products
1,770
1,626
Corporate and other
15
139
Total
5,129
4,464
Reconciliation of operating profit excluding special items to operating profit
Special items cover those items which management believe are material by nature or amount to the operating results and require separate disclosure. Such items would generally include profit or loss on disposal of property, investments and businesses, asset impairments, restructuring charges, non-recurring integration costs related to acquisitions, financial impacts of natural disasters, non-cash gains or losses on the price fair value adjustment of plantations and alternative fuel tax credits receivable in cash.
Operating profit excluding special items
81
25
Special items
(80)
32
Plantation price fair value adjustment
(95)

34
Restructuring provisions raised
(38)
–
(Loss) profit on disposal of property, plant and equipment
(2)
1
Asset impairment reversals (impairments)
8
(3)
Fuel tax credit
49
–
Fire, flood, storm and related events
(2)
–
Operating profit
1
57

16
Reconciliation of EBITDA excluding special items and operating profit excluding special items to (loss) profit before taxation
Restated
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
US$ million
US$ million
EBITDA excluding special items
193
106
Depreciation and amortisation
(112)
(81)
Operating profit excluding special items
81
25
Special items – (losses) gains
(80)
32
Net finance costs
(73)
(21)
(Loss) profit before taxation
(72)
36
Reconciliation of net operating assets to total assets
Net operating assets
5,129
4,464
Deferred tax
56
48
Cash
786
941
Other current liabilities
1,092
801
Taxation payable
54
70
Liabilities classified as held for sale
28
–
Total assets
7,145

6,324

Explanation of Responses:

first quarter results
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Supplemental Information (this information has not been reviewed)

General definitions

Average – averages are calculated as the sum of the opening and closing balances for the relevant period divided by two

Fellings – the amount charged against the income statement representing the standing value of the plantations harvested

NBSK – Northern Bleached Softwood Kraft pulp. One of the main varieties of market pulp, produced from coniferous trees (i.e. spruce, pine) in Scandinavia, Canada and northern USA. The price of NBSK is a benchmark widely used in the pulp and paper industry for comparative purposes

SG&A – selling, general and administrative expenses

Non-GAAP measures

The group believes that it is useful to report certain non-GAAP measures for the following reasons:

– these measures are used by the group for internal performance analysis;

– the presentation by the group's reported business segments of these measures facilitates comparability with other companies in our industry, although the group's measures may not be comparable with similarly titled profit measurements reported by other companies; and

– it is useful in connection with discussion with the investment analyst community and debt rating agencies.

These non-GAAP measures should not be considered in isolation or construed as a substitute for GAAP measures in accordance with IFRS

Capital employed – shareholders' equity plus net debt

EBITDA excluding special items – earnings before interest (net finance costs), taxation, depreciation, amortisation and special items

Headline earnings – as defined in circular 3/2009 issued by the South African Institute of Chartered Accountants, separates from earnings all separately identifiable remeasurements. It is not necessarily a measure of sustainable earnings. It is a listing requirement of the JSE Limited to disclose headline earnings per share

Net assets – total assets less total liabilities

Net asset value per share – net assets divided by the number of shares in issue at balance sheet date

Net debt – current and non-current interest-bearing borrowings, and bank overdraft (net of cash, cash equivalents and short-term deposits)

Net debt to total capitalisation – net debt divided by capital employed

Net operating assets – total assets (excluding deferred taxation and cash and cash equivalents) less current liabilities (excluding interest-bearing borrowings and bank overdraft)

ROCE – return on average capital employed. Operating profit excluding special items divided by average capital employed

ROE – return on average equity. Profit for the period divided by average shareholders' equity

RONOA – return on average net operating assets. Operating profit excluding special items divided by average net operating assets

Special items – special items cover those items which management believe are material by nature or amount to the operating results and require separate disclosure. Such items would generally include profit or loss on disposal of property, investments and businesses, asset impairments, restructuring charges, non-recurring integration costs related to acquisitions, financial impacts of natural disasters, non-cash gains or losses on the price fair value adjustment of plantations and alternative fuel tax credits receivable in cash

The above financial measures are presented to assist our shareholders and the investment community in interpreting our financial results.

These financial measures are regularly used and compared between companies in our industry.

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Supplemental Information (this information has not been reviewed)
Summary rand convenience translation
Quarter
Quarter
ended
ended
Dec 2009
Dec 2008
Key figures: (ZAR million)
Sales
12,151
11,702
Operating profit
8
562
Special items – losses (gains) *
600
(315)
Operating profit excluding special items
608
246
EBITDA excluding special items *
1,448
1,045
Basic (loss) earnings per share (SA cents)
(75)
(197)
Net debt *
19,439
24,258
Key ratios: (%)
Operating profit to sales
0.1
4.8
Operating profit excluding special items to sales
5.0
2.1
Operating profit excluding special items to Capital Employed (ROCE) *
7.5
2.8
EBITDA excluding special items to sales
11.9
8.9
Return on average equity (ROE)
(11.7)
5.8
Net debt to total capitalisation *
60.0
57.3

* Refer to page 17, Supplemental Information for the definition of the term.

The above financial results have been translated into ZAR from US Dollars as follows:

– Assets and liabilities at rates of exchange ruling at period end; and

– Income, expenditure and cash flow items at average exchange rates.

Exchange rates

	Dec 2009	Sept 2009	June 2009	Mar 2009	Dec 2008
Exchange rates:					
Period end rate: US$1 = ZAR	7.5315	7.4112	7.8990	9.5849	9.7148
Average rate for the Quarter: US$1 = ZAR	7.5009	7.7174	8.6197	9.8979	9.8584
Average rate for the YTD: US$1 = ZAR	7.5009	9.0135	9.4205	9.9015	9.8584
Period end rate: EUR 1 = US$	1.4397	1.4688	1.4054	1.3301	1.4064
Average rate for the Quarter: EUR 1 = US$	1.4737	1.4317	1.3651	1.3300	1.3471
Average rate for the YTD: EUR 1 = US$	1.4737	1.3657	1.3432	1.3288	1.3471

The financial results of entities with reporting currencies other than the US Dollar are translated into US Dollars as follows:

– Assets and liabilities at rates of exchange ruling at period end; and

– Income, expenditure and cash flow items at average exchange rates.

first quarter results
19
ZAR
Jan 06
Apr 06
Jul 07
Oct 07
Jan 08
Apr 08
Jul 08
Oct 08
Jan 09
Apr 09
Oct 09
Jan 10
Jul 09
Jul 06
Oct 06
Jan 07
Apr 07
0
10
20
30
40
50
60
70
80
90
Sappi ordinary shares* (JSE: SAP)
US$
Jan 06
Apr 06
Jul 07
Oct 07
Jan 08
Apr 08
Jul 08
Oct 08
Jan 09
Apr 09
Oct 09
Jan 10
Jul 09
Jul 06
Oct 06
Jan 07
Apr 07
0
2

4
6
8
10
12
14
US Dollar share price conversion*
* Historic share prices revised to reflect rights offer

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Other interested parties can obtain printed copies of this report from:

South Africa:

United States:

Computershare Investor

ADR Depositary:

Services (Proprietary) Limited

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date:

January 29, 2010

SAPPI LIMITED,

Name:

M. R. Thompson

Title:

Chief Financial Officer

M. R. Thompson

By: /s/