



## TEOLLISUUDEN VOIMA OYJ

*(incorporated with limited liability in Finland)*

**EUR 2,500,000,000**

### **Euro Medium Term Note Programme**

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "CSSF"), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems, as may be agreed with the Issuer. The CSSF has not reviewed or approved the issue of VPS Notes hereunder

Tranches of Notes (as defined in "Terms and Conditions of the Notes") to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") unless the rating is provided by a credit rating agency operating in the European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.*

#### **Arranger & Dealer**

**NORDEA**

#### **Dealers**

**BARCLAYS CAPITAL  
CRÉDIT AGRICOLE CIB  
DEUTSCHE BANK  
POHJOLA BANK PLC  
THE ROYAL BANK OF SCOTLAND**

**BNP PARIBAS  
DANSKE BANK  
MITSUBISHI UFJ SECURITIES INTERNATIONAL PLC  
SEB**

**10 June 2011**

## IMPORTANT NOTICES

Teollisuuden Voima Oyj (the "**Issuer**") (the "**Responsible Person**") ("**TVO**") accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each Tranche of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "Final Terms and Drawdown Prospectuses" below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The Issuer has confirmed to the Dealers named under "Subscription and Sale" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 2,500,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area and references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms or a Drawdown Prospectus in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.**

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## OVERVIEW

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this overview.*

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| <b>Issuer:</b>                             | Teollisuuden Voima Oyj.   |
| <b>Risk Factors:</b>                       | Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below and include market risk, credit risk, liquidity risk and operational risk.  |
| <b>Arranger:</b>                           | Nordea Bank Danmark A/S.  |
| <b>Dealers:</b>                            | Barclays Bank PLC, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Danske Bank A/S, Deutsche Bank AG, London Branch, Mitsubishi UFJ Securities International plc, Nordea Bank Danmark A/S, Pohjola Bank plc, Skandinaviska Enskilda Banken AB (publ), The Royal Bank of Scotland plc and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.   |
| <b>Fiscal Agent:</b>                       | Deutsche Bank AG, London Branch   |
| <b>Luxembourg Listing Agent:</b>           | Deutsche Bank Luxembourg S.A.   |
| <b>Final Terms or Drawdown Prospectus:</b> | Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and relevant Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms or, as the case may be the relevant Drawdown Prospectus.  |
| <b>Listing and Trading:</b>                | Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems, as may be agreed with the Issuer. |
| <b>Clearing Systems:</b>                   | Euroclear and/or Clearstream, Luxembourg and/or the VPS and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms, other than in relation to VPS Notes, which are cleared through the VPS.   |
| <b>Initial Programme Amount:</b>           | Up to EUR 2,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.  |

**Issuance in Series:**

Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

**Forms of Notes:**

Notes may be issued in bearer form, in registered form or in uncertificated book entry form (in the case of VPS Notes).

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary or common depositary and will be exchangeable for Individual Note Certificates in accordance with its terms.

Each Note represented by a Global Registered Note will either be: (a) in the case of a Note which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any

other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by crediting of VPS Notes to accounts with the VPS.

**Currencies:**

Notes may be denominated in euro or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

**Status of the Notes:**

Notes will be issued on an unsubordinated basis.

**Issue Price:**

Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Maturities:**

Any maturity between 1 month and 30 years, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer.

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| <b>Redemption:</b>                          | Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.   |
| <b>Optional Redemption:</b>                 | Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.  |
| <b>Tax Redemption:</b>                      | Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 10(b) ( <i>Redemption and Purchase - Redemption for tax reasons</i> ).   |
| <b>Interest:</b>                            | Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.  |
| <b>Denominations:</b>                       | No Notes may be issued under the Programme which (a) have a minimum denomination of less than EUR 100,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. |
| <b>Negative Pledge:</b>                     | The Notes will have the benefit of a negative pledge as described in Condition 5 ( <i>Negative Pledge</i> ).   |
| <b>Cross Default:</b>                       | The Notes will have the benefit of a cross default as described in Condition 15 ( <i>Events of Default</i> ).  |
| <b>Taxation:</b>                            | All payments in respect of Notes will be made free and clear of withholding taxes of Finland unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 14 ( <i>Taxation</i> )) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.  |
| <b>Governing Law:</b>                       | English law, except for VPS Notes that are subject to Norwegian law. Further, VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 No. 64 (as amended from time to time) and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under this Act and any related regulations and liabilities.   |
| <b>Enforcement of Notes in Global Form:</b> | In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 10 June 2011, a copy of which will be available for inspection at the specified office of the  |



Fiscal Agent.

**Ratings:**

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area and the United Kingdom, see "*Subscription and Sale*" below.

## **GENERAL DESCRIPTION OF THE PROGRAMME**

The Programme is a EUR 2,500,000,000 Euro Medium Term Note Programme under which the Issuer may, from time to time, issue Notes including, without limitation, Fixed Rate Notes, Floating Rate Notes, Index-Linked Notes, Zero Coupon Notes, VPS Notes and other Notes subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The applicable terms of any Notes will be agreed between the Issuer and the Dealers prior to the issue of the Notes and will be set out in the Final Terms of the Notes endorsed on, or attached to, the Notes.

## **RISK FACTORS**

*TVO believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies that may or may not occur and TVO is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which TVO believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. TVO believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but TVO may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and TVO does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus including any documents incorporated by reference herein, and reach their own independent views prior to making any investment decision.*

### **Factors that may affect TVO's ability to fulfil its obligations under the Notes issued under the Programme**

#### **Risks related to nuclear operations**

##### *Safety and stability of operations*

Throughout their more than 30 years of commercial operations, TVO's nuclear power plants Olkiluoto 1 ("OL1") and Olkiluoto 2 ("OL2") have exhibited high load factors and low incident frequencies (see "Business Description - Safety and Environmental Issues") and TVO's management considers this as evidence of the high reliability and safety of the operations, which also have underpinned the financial stability of the operations. However, no assurances can be given that such stability and safety of operations will continue.

##### *Disposal of Nuclear Waste*

In order to reduce the risk of nuclear irradiation, multi-layered containment systems and sophisticated safety protocols are used to effectively isolate radioactive materials from the surrounding environment during the process of interim storage, packaging, transport, relocation and encasement of nuclear waste in the final storage repositories. Nevertheless, although remote, the risk of radioactive leakage into the environment at various stages of this process, as well as from the final storage facilities themselves, cannot be excluded entirely and could negatively impact TVO's financial condition.

TVO bears full legal and financial responsibility for the management and disposal of nuclear waste produced by the Olkiluoto plants. The future cost of containing the nuclear waste and maintaining the storage facilities over time is to be paid for from the Finnish State Nuclear Waste Management Fund (the "Fund") to which the nuclear power producers in Finland make annual contributions. Contributions to the Fund are calculated on the basis of genuine estimates of the future cost of the management of such nuclear waste. However, if the amounts produced from the Fund are ever insufficient to cover the actual costs of managing the nuclear waste, then TVO, for its part, would be responsible for any such excess costs.

##### *Regulation of nuclear power plants*

The operation of nuclear facilities depends on a number of regulations including, but not limited to, regulations concerning safety, technical specifications and the transport and storage of nuclear material. A failure by TVO to comply with prevailing regulations could lead to the interruption of its operations and adversely affect its business and financial situation.

Due to the Fukushima-Daiichi nuclear power plant accident in Japan on 11 March 2011 a review of safety measures were initiated also in Europe by the European Commission. In Finland, the Radiation and Nuclear Safety Authority (STUK) started at the request of the Ministry of Employment and the Economy an assessment on how nuclear power plants in Finland are prepared for the impacts that floods and other extreme phenomena may have on the functioning of the facilities. According to the report given by STUK no new threat factors or deficiencies that would require immediate safety improvements have appeared in

Finnish nuclear power plants. STUK states further that although there is no need for immediate safety improvements, there is reason for power companies to continue investigations into preparation for certain exceptional natural conditions. Investigations and plans for safety improvements can be compiled in connection with and on the same schedule as stress tests carried out at the request of the EU Council of Ministers during this year. TVO's management is not aware of any deficiencies on safety measures in the Olkiluoto units. However, TVO can give no assurance that the stress tests to be carried out carried out by STUK will not negatively affect TVO's operations and costs.

#### *Political risks*

A decision in principle to build a new nuclear power plant is made by the Finnish Government, and such decision requires a ratification by the Finnish Parliament by a simple majority. Once such ratification is obtained, the construction licence is approved by the Government. Furthermore, in order to operate a nuclear power plant, an operating licence granted by the Government is required. If due to a political decision, the licence to construct or operate a nuclear facility is cancelled or the licence to operate a nuclear facility is denied, the holder of the cancelled licence or the applicant whose licence to operate the nuclear facility has been denied, is entitled to a reasonable amount of compensation from the Republic of Finland for the direct expenses incurred in the construction of the facility. TVO's management is not aware of any plans to change Finnish legislation concerning the licensing and compensation procedure. However, TVO can give no assurance that such changes will not occur in the future. No assurance can be given that other laws or regulations, including tax laws, that would negatively affect the Issuer, will not be passed.

#### *Nuclear fuel procurement*

The procurement of nuclear fuel involves three main elements: the purchase of raw uranium; uranium enrichment services; and nuclear fuel manufacture. Throughout its history, TVO has followed a policy of maintaining relationships with a number of suppliers of the aforesaid elements. This policy, the aim of which has been to diversify supply sources and to ensure competitive pricing for each element has, in management's opinion, been successful and resulted in reliable and cost efficient fuel procurement. Most of these services are procured under long term contracts, however, there can be no assurance that developments in the demand and supply for nuclear fuel and related services will not negatively affect TVO's operations or costs.

Management does not currently foresee any difficulties in obtaining nuclear fuel. However, the cost at which uranium is available changes according to fluctuations in the world markets, and is influenced by fluctuations in the price of other fuels, such as oil.

#### *Risks related to the Olkiluoto 3 project*

TVO is in the process of constructing a third nuclear power unit, Olkiluoto 3 ("**OL3**"), at the Olkiluoto site (see "*Business Description - Nuclear - Olkiluoto 3*"). OL3 was commissioned as a turnkey project from the consortium formed by AREVA NP GmbH, AREVA NP SAS and Siemens AG (together the "**Supplier**"). The Supplier has reported delays in the completion of OL3 and TVO can give no assurance that OL3 will be in electricity production during the second half of 2013, which is the turnkey Supplier's latest estimate.

Furthermore, TVO is currently engaged in arbitration with respect to costs and losses incurred as a result of delays in the construction of OL3; in such arbitration the Supplier has claimed €1.2 billion from TVO, and TVO has counter-claimed €1.4 billion from the Supplier in response, (see "*Business Description - Arbitration*"). Such arbitration proceedings may continue for several years. The claimed and counterclaimed amounts have changed and may further change during the arbitration proceedings. Although TVO considers the Supplier's claims to be without merit, TVO can give no assurance that the final arbitration decision will not result in TVO having to pay compensation at a level that would materially affect its financial position. Since the outcome of the arbitration procedure currently in progress cannot be reliably estimated, no receivables or liabilities have been booked, which is in accordance with IAS 37. No provisions have been booked for the Supplier's claims and arbitration procedures as the claims have been considered and found to be without merit.

As the OL3 project is still currently under construction TVO can give no assurance that further arbitration proceedings, which might materially affect TVO's financial position, will not materialise.

## **Financial risks**

### *Refinancing and liquidity risk*

According to TVO's financing policy, TVO should maintain diversified funding sources and a diversified financing structure in terms of its debt maturity profile. TVO's financing policy also prescribes that management should maintain all of TVO's debt in euro and, where debt is not incurred in euro, to hedge it with appropriate instruments in such manner as to ensure that TVO manages its exchange rate risk. TVO has always been able to establish adequate financing and hedging arrangements, and refinancing of maturing debt has not constituted a difficulty or significantly increased costs. However, no assurances can be given that changes in market conditions or developments specific to TVO would not result in the need to renegotiate or acquire additional financing, which could adversely affect TVO's financial position.

### *Interest rate risk*

TVO has maintained an interest rate structure whereby it seeks to find an optimum balance by avoiding significant fluctuation in interest expenses by managing the duration of the debt portfolio by entering into different types of financing contracts and derivative contracts such as interest rate swaps and interest rate collar structures. Although TVO manages interest rate risks within the target levels, there can be no assurance that TVO will be able to manage such interest rate risk successfully in the future.

### *Counterparty risks*

TVO's financing activities lead to contractual arrangements with various financing institutions which expose TVO to counterparty risks. Credit risk exposures relating to financial derivative instruments are often volatile. Financial contracts are limited to those with high-credit-quality counterparts active on the financial markets. Credit risk exposures are spread across a wide range of financial institutions. TVO monitors credit and counterparty exposure to ensure that the risks are maintained at an acceptable level. However, there can be no assurance that TVO will not sustain losses as a result of default, litigation or other actions by one or more of its counterparties in the future.

### *Solvency of TVO's shareholders*

TVO's business model is such that it receives regular monthly payments from its shareholders for the coverage of all costs, including operating costs and debt service (see "*Business Description - Operating Model of TVO*"). As invoicing is based on actual costs, or reliable estimates of the following month's costs, and fixed costs are payable one month in advance, TVO has no need to maintain large liquidity buffers. TVO has never experienced any payment delays from its shareholders, or any material differences between invoiced amounts and costs actually incurred. Pursuant to TVO's articles of association, shareholders are obliged to stay up to date in their payments, in accordance with invoices sent by TVO. A failure by a shareholder to meet a monthly payment would entitle TVO to cut off that shareholder's supply of electricity from the OL1 and OL2 plants. However, as TVO's financial situation is materially dependent on its shareholders making timely payments to TVO, there can be no assurance that the inability of a shareholder to meet its payment obligations towards TVO would not adversely affect TVO's financial position. Consequently, if the financial position of the shareholders is affected by the global economic downturn, or for other reasons, this in turn could impact on the business and financial performance of TVO.

## **Factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme**

### *The Notes may not be a suitable investment for all investors*

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Index Linked Notes and Dual Currency Notes***

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- (f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

#### ***Partly-paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### ***Variable rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### **Risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

#### ***Modification and waivers***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders

including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### ***European Union Savings Directive***

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a paying agent in the meaning of the EU Savings Directive within its jurisdiction to, or collected by such a paying agent for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent., unless in the case of Luxembourg the beneficial owner of the interest payments opts for one of the two information exchange procedures available. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

### ***Change of law***

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. As for VPS Notes, these are governed by Norwegian law. No assurance can be given as to the impact of any possible judicial decision or change to English law, Norwegian law (in the case of VPS Notes) or administrative practice after the date of this Base Prospectus.

### ***Bearer Notes where denominations involve integral multiples: definitive Bearer Notes***

In relation to any issue of bearer Notes which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in its account with the relevant clearing system at the relevant time may not receive a definitive bearer Note in respect of such holding (should definitive bearer Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a specified denomination. If definitive bearer Notes are issued, holders should be aware that definitive bearer Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

### **Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:



### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a material adverse effect on the market value of Notes.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) audited consolidated financial statements of the Issuer, included in the Report of the Board of Directors and Financial Statements 2010, in respect of the year ended 31 December 2010 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS")
- |   |          |
|---|----------|
| 1. Income Statement                               | p. 17    |
| 2. Consolidated Statement of Comprehensive Income | p.17     |
| 3. Balance Sheet                                  | p. 18    |
| 4. Statement of Changes in Total Equity           | p. 19    |
| 5. Cash Flows Statement                           | p. 20    |
| 6. Notes to Consolidated Financial Statements     | p. 21-52 |
| 7. Auditor's Report                               | p. 70    |
- (b) audited consolidated financial statements of the Issuer, included in the Report of the Boards of Directors and Financial Statement 2009, in respect of the year ended 31 December 2009 prepared in accordance with the IFRS
- |   |          |
|---|----------|
| 1. Income Statement                               | p. 15    |
| 2. Consolidated Statement of Comprehensive Income | p. 15    |
| 2. Balance Sheet                                  | p. 16    |
| 3. Statement of Changes in Total Equity           | p. 17    |
| 4. Cash Flows Statement                           | p. 18    |
| 5. Notes to Consolidated Financial Statements     | p. 19-50 |
| 6. Auditor's Report                               | p. 68    |
- (c) the terms and conditions set out on pages 28-61 (inclusive) of the base prospectus dated 12 June 2009 relating to the Programme under the heading "*Terms and Conditions of the Notes*".
- (d) the terms and conditions set out on pages 20-45 (inclusive) of the base prospectus dated 11 June 2010 relating to the Programme under the heading "*Terms and Conditions of the Notes*".

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus, and this Base Prospectus itself, may be inspected, free of charge, at Olkiluoto, 27160 Eurajoki, Finland and will be available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

If the documents incorporated by reference into this Base Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference to the Base Prospectus.

## **FINAL TERMS AND DRAWDOWN PROSPECTUSES**

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes.

## FORMS OF THE NOTES

### Bearer Notes

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank S.A./N.V., whose offices are located at 33 Cannon Street, London EC4M 5SB, UK as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg, whose offices are located at L-2967, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of European Union securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### *Temporary Global Note exchangeable for Permanent Global Note*

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however, that* in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Bearer Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 15 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

***Temporary Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

***Permanent Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 15 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global

Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

### ***VPS Notes***

Each tranche of VPS Notes will be issued in uncertificated and dematerialised book entry form. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS. On the issue of such VPS Notes, the Issuer will send a letter to the VPS Trustee, with copies sent to the Agent and the VPS Agent (**the VPS Letter**), which will set out the terms of the relevant issue of VPS Notes in the form of a Final Terms supplement attached thereto. On delivery of a copy of such VPS Letter including the relevant Final Terms to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Agent acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place three Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will only take place in accordance with the rules and procedures for the time being of the VPS.

A VPS Trustee might be appointed, and will in such a case, act for the benefit of the holders for the time being of the VPS Notes, in accordance with the provisions of the VPS Trustee Agreement and these Terms and Conditions.

### ***Legend concerning United States persons***

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

### **Registered Notes**

Each Tranche of Registered Notes will be in the form of either individual note certificates in registered form ("**Individual Note Certificates**") or a global note in registered form (a "**Global Registered Note**"), in each case as specified in the relevant Final Terms. Each Global Registered Note will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depository and will be exchangeable for Individual Note Certificates in accordance with its terms.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it had assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream,

Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Note represented by a Global Registered Note will either be: (a) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Global Registered Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 15 (*Events of Default*) occurs.

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

#### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

### 1. Introduction

- (i) *Programme*: Teollisuuden Voima Oyj (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to EUR 2,500,000,000 in aggregate principal amount of notes (the "**Notes**").
- (ii) *Final Terms*: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (iii) *Agency Agreement*: The Notes are the subject of an issue and paying agency agreement dated 10 June 2011 (the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.
- (iv) *Deed of Covenant*: The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). Registered Notes are constituted by a deed of covenant dated 10 June 2011 (the "**Deed of Covenant**") entered into by the Issuer.
- (v) *The Notes*: All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at Olkiluoto, 27160 Eurajoki, Finland and copies may be obtained from Olkiluoto, 27160 Eurajoki, Finland.
- (vi) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.
- (vii) *VPS Notes*: VPS Notes are in dematerialised form: any references in these terms and conditions to Receipts, Coupons, and Talons shall not apply to VPS Notes and no global or definitive Notes will be issued in respect thereof. These terms and conditions shall be construed accordingly.

### 2. Interpretation

- (i) *Definitions*: In these Conditions the following expressions have the following meanings:



"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that*:
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if "**Actual/Actual (ICMA)**" is so specified, means:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if "30E/360 (ISDA)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

*provided, however, that* in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

**"Early Redemption Amount (Tax)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Early Termination Amount"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

**"Extraordinary Resolution"** has the meaning given in Schedule 2 to the Agency Agreement;

**"Final Redemption Amount"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"First Interest Payment Date"** means the date specified in the relevant Final Terms;

**"Fixed Coupon Amount"** has the meaning given in the relevant Final Terms;

**"Guarantee"** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**"Holder"**, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*), in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*); and, in the case of VPS Notes, has the meaning given in Condition 3 (k) (*Specific provisions for VPS Notes*);

**"Indebtedness"** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**"Issue Date"** has the meaning given in the relevant Final Terms;

**"Margin"** has the meaning given in the relevant Final Terms;

**"Material Subsidiary"** means:

- (i) on the basis of the most recent audited consolidated accounts of the Issuer, any Subsidiary whose total consolidated assets represent at least 5 per cent. of the total consolidated assets of the Issuer; or
- (ii) any other Subsidiary to which is transferred either (A) all or substantially all of the assets of another Subsidiary which immediately prior to the transfer was a Material Subsidiary or (B) sufficient assets of the Issuer that such Subsidiary would have been a Material Subsidiary had the transfer occurred on or before the date of the most recent audited consolidated accounts of the Issuer, and

a report by the auditors to the Issuer that in their opinion a Subsidiary is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

**"Maturity Date"** has the meaning given in the relevant Final Terms;

**"Maximum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Noteholder"**, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*), in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*) and, in the case of VPS Notes, has the meaning given in Condition 3 (k) (*Specific provisions for VPS Notes*);

**"Optional Redemption Amount (Call)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Amount (Put)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"Payment Business Day"** means:

- (i) if the currency of payment is euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"Permitted Security Interest"** means:

- (i) any Security Interest over or affecting any asset of any company which becomes a Subsidiary of the Issuer after the issue of the Notes, where such Security Interest is created prior to the date on which such company becomes a Subsidiary of the Issuer, if:
  - (A) such Security Interest was not created in contemplation of the acquisition of such company; and
  - (B) the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such company;
- (ii) any Security Interest over or affecting any asset acquired by the Issuer or a Subsidiary of the Issuer after the issue of the Notes, where such Security Interest is created prior to the date of the acquisition of such asset, if:
  - (A) such Security Interest was not created in contemplation of the acquisition of such asset; and
  - (B) the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such asset;
- (iii) any Security Interest granted that secures Project Finance Indebtedness only;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency *provided, however, that:*

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Project Finance Indebtedness"** means any Indebtedness incurred by a debtor to finance the ownership, acquisition, construction, development and/or operation of an asset, assets or portfolio of assets in respect of which the person or persons to whom such Indebtedness is, or may be, owed have no recourse whatsoever for the repayment of or payment of any sum relating to such Indebtedness other than:

- (iii) recourse to such debtor for amounts limited to the aggregate cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset, assets or portfolio of assets; and/or
- (iv) recourse to such debtor generally, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation, representation or warranty (not being a payment obligation, representation or warranty or an obligation, representation or warranty to procure payment by another or an obligation, representation or warranty to comply or to procure compliance by another with any financial ratios or other test of financial condition) by the Person against whom such recourse is available; and/or
- (v) if such debtor has been established specifically for the purpose of constructing, developing, owning and/or operating the relevant asset, assets or portfolio of assets and such debtor owns no other significant assets and carries on no other business, recourse to all of the assets and undertaking of such debtor and the shares in the capital of such debtor;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder pursuant to the provisions of the Agency Agreement;

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** has the meaning given in the relevant Final Terms;

**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"Relevant Indebtedness"** means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other debt instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any regulated securities market;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Reserved Matter"** means any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment;
- (ii) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (iii) to change the currency in which amounts due in respect of the Notes are payable;
- (iv) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or
- (v) to amend this definition;

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;



"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Treaty**" means the Treaty on the Functioning of the European Union;

"**VPS**" means the Norwegian Central Securities Depository Verdicapirsentralen ASA of Biskop Gunnerus, gate 14 A, 0185 Oslo, Norway;

"**VPS Agent**" means the entity acting as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes as detailed in a VPS agency agreement (the "**VPS Agency Agreement**");

"**VPS Notes**" means notes issued through VPS;

"**VPS Trustee**" means the entity ("**Norsk Tillitsmann ASA**") that might be appointed to act for the benefit of the holders for the time being of the VPS Notes, in accordance with the provisions of a VPS trustee agreement (the "**VPS Trustee Agreement**") and these Terms and Conditions;

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms;

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 14 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination, Title and Transfer**

- (a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) *Title to Registered Notes:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day

on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.
- (k) *Specific provisions for VPS Notes:* Each tranche of VPS Notes will be created and held in uncertificated book entry form in accounts with the VPS. VPS Notes will not be evidenced by any physical note or document of title other than a statement of account made by the VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book entry system and register maintained by the VPS. The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. The Issuer and the VPS Trustee may rely on a certificate of the VPS or one issued on behalf of the VPS by an account-carrying institution as to a particular person being a VPS Noteholder. Title to the VPS Notes will pass by registration in the VPS between the direct and indirect accountholders at the VPS in accordance with the rules and procedures of the VPS that are in force from time to time. Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant VPS Note. A VPS Agent will act as an agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes. A VPS Trustee might be appointed, and will in such a case, act for the benefit of the holders for the time being of the VPS Notes, in accordance with the provisions of the VPS Trustee Agreement and these Terms and Conditions.

#### 4. **Status**

The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

#### 5. **Negative Pledge**

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its respective Subsidiaries (if any) will, create or permit to subsist any Security Interest other than a Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security or other arrangement (whether or not it includes the giving of a Security Interest) for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

#### 6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments -Registered Notes*), as applicable. Each

Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

#### 7. **Floating Rate Note and Index-Linked Interest Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*), as applicable. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
  - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the

Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

- (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

- (h) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and, in the case of VPS Notes, the VPS and the VPS Agent, as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

#### 8. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

#### 9. **Dual Currency Note Provisions**

- (i) *Application:* This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.
- (ii) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

#### 10. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in

Condition 11 (*Payments - Bearer Notes*), Condition 12 (*Payments -Registered Notes*) and Condition 13 (*Payments – VPS Notes*)

- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Finland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

*provided, however, that* no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent and, in the case of VPS Notes to the VPS Agent, (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

- (c) *Redemption at the option of the Issuer:* If the call option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as

the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and, the rules of the VPS, in case of VPS Notes and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

- (e) *Redemption at the option of Noteholders:* If the put option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

In the case of VPS Notes, Noteholders must, within the notice period, give notice to the relevant VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time.

- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) *Purchase:* The Issuer or any of its respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.
- (i) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and, in the case of VPS Notes, deleted from the records of VPS, and may not be reissued or resold.



## 11. Payments - Bearer Notes

This Condition 11 is only applicable to Bearer Notes.

- (a) *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the principal and interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such principal and interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void:* If the relevant Final Terms specifies that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 15 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 12. **Payments - Registered Notes**

This Condition 12 is only applicable to Registered Notes.

- (a) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but

without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 12 arriving after the due date for payment or being lost in the mail.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

### 13. **Payments – VPS Notes**

Payments of principal and interest in respect of VPS Notes will be made to the VPS Noteholders shown in the records of the VPS in accordance with and subject to the rules and regulations from time to time regulating the VPS.

### 14. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Finland or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
  - (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (ii) held by or on behalf of a Holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
  - (iii) where such withholding or deduction is imposed on a payment to an individual or a residual entity and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or

- (iv) held by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a European Union member state; or
  - (v) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon or Note Certificate would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than Finland, references in these Conditions to Finland shall be construed as references to Finland and/or such other jurisdiction.

15. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes within 5 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 7 days of the due date for payment thereof; or
- (b) *Breach of other obligations:* if the Issuer fails to perform or observe any of its other obligations under these Conditions as supplemented by the relevant Final Terms in respect of the Notes and the failure continues for the period of 30 days after notice thereof shall have been given by the holder of any of the Notes to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) Cross-default of Issuer or Subsidiary:
  - (i) any Indebtedness, other than Supply Contract Indebtedness, of the Issuer or any of its respective Material Subsidiaries (if any) is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such Indebtedness, other than Supply Contract Indebtedness, becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or the Material Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness;
  - (iii) the Issuer or any of its respective Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness, other than Supply Contract Indebtedness;
  - (iv) any security given by the Issuer or any of its Subsidiaries (if any) for any Indebtedness, other than Supply Contract Indebtedness, becomes enforceable by reason of default; or
  - (v) one or more final judgement(s) or order(s) for the payment is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstaged for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment.

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above and/or the amount payable under any security referred to in sub-paragraph (iv) above, individually or in the aggregate exceeds EUR 50,000,000 (or its equivalent in any other currency or currencies), where "**Supply Contract Indebtedness**" means any indebtedness incurred pursuant to a contract for the supply, acquisition, construction or development of a nuclear power unit or associated facility; or

- (d) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer where the value of the undertaking, assets and revenues in question exceeds EUR 10,000,000; or

- (e) *Insolvency etc:* the Issuer or a Material Subsidiary shall be adjudicated or found bankrupt or insolvent, or shall suspend payments, or any order or action shall be made or taken by any competent court or administrative agency, or any resolution shall be passed by the Issuer, to apply for judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or a Material Subsidiary or a substantial part of its assets, or the Issuer shall be wound up or dissolved;
- (f) *Winding Up:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) in the case of a Material Subsidiary not involving or arising out of the insolvency of such Material Subsidiary and under which all or substantially all of its assets are transferred to the Issuer or any of its Subsidiaries, or (B) in the case of a Material Subsidiary under which all or substantially all of its assets are transferred to a third party or parties (whether associated or not) for consideration received by the Issuer or a Subsidiary on an arm's length basis, or (C) in the case of a Material Subsidiary under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Material Subsidiary, or (D) on terms previously approved in writing by an Extraordinary Resolution of the Noteholders; or
- (g) *Analogous event:* any event occurs which under the laws of Finland has an analogous effect to any of the events referred to in paragraphs (d) to (f) above,

then any Note may be declared immediately due and payable if written notice is received from Holders holding not less than one fifth of the aggregate principal amount of the outstanding Notes and such notice is addressed by such Holders thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders of such Notes.

16. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

17. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

18. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or

registrar or Calculation Agent and additional or successor paying agents; *provided, however, that:*

- (a) the Issuer shall at all times maintain a fiscal agent and a registrar; and
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

19. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing a clear majority of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than a clear majority of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or if such modification is of a formal, minor or technical nature. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.
- (c) *Provisions with respect to holders of VPS Notes:* The VPS Trustee Agreement might contain provisions for convening meetings of the VPS Noteholders to consider any matter affecting their interests, including sanctioning by a majority of two-thirds of votes (as more fully set out in the VPS Trustee Agreement) of a modification of the VPS Notes or any of the provisions of the VPS Trustee Agreement or the VPS Agency Agreement. Such a meeting may be convened by the Issuer, the VPS Trustee, or by VPS Noteholders holding not less than 10 per cent. of the Voting VPS Notes (as defined in the VPS Trustee Agreement). The quorum at any such meeting for passing a resolution requiring a two-thirds voting majority is one or more persons holding at least one half of the Voting VPS Notes or at any adjourned meeting one or more persons being or

representing VPS Noteholders whatever the nominal amount of the VPS Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the VPS Notes, the VPS Trustee Agreement or the VPS Agency Agreement (including modifying the date of maturity of the VPS Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the VPS Notes or altering the currency of payment of the VPS Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the VPS Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the VPS Notes for the time being outstanding. A resolution passed at any meeting of the VPS Noteholders shall be binding on all the VPS Noteholders, whether or not they are present at such meeting.

20. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

21. **Notices**

- (a) *Bearer Notes:* Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Bearer Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Registered Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, notices to Noteholders will be published on the date of such mailing in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.
- (c) *VPS Notes:* Notices to the VPS Noteholders shall be valid if the relevant notice is given to the VPS for communication by it to the VPS Noteholders. If in the opinion of the VPS Trustee (if applicable) any such publication is not practicable, notice shall be validly given if published in a leading daily English language newspaper (which is expected to be the *Financial Times*) with general circulation in Europe. Any such notice shall be deemed to have been given on the date seven days after delivery to the VPS and/or on the date of such publication in a newspaper or, if published more than once or on different dates, on the date of the first publication as provided above.

22. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against

the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except VPS Notes that will be governed by Norwegian law. Further, the VPS Trustee Agreement and the VPS Agency Agreement will be governed by and shall be construed in accordance with Norwegian law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity. However, the Issuer agrees, for the exclusive benefit of the VPS Trustee and the VPS Noteholders that the courts of Norway are to have jurisdiction to settle any disputes which may arise out of, or in connection with, the VPS Trustee Agreement, the VPS Notes and the VPS Agency Agreement.
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 23 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Jordans International Limited at 21 St. Thomas Street, Bristol, BS1 6JS or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the



right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

**Final Terms dated [•]**

### TEOLLISUUDEN VOIMA OYJ

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the

#### **EUR 2,500,000,000 Euro Medium Term Note Programme**

The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

### **PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 10 June 2011 which constitutes a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. These Final Terms and the Base Prospectus are available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and during normal business hours at Olkiluoto, 27160 Eurajoki, Finland and copies may be obtained from Olkiluoto, 27160 Eurajoki, Finland.]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and either (1) the Notes which are the subject of the Final Terms are not being (a) offered to the public in a member state (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) or (b) admitted to trading on a regulated market in a member state or (2) the Conditions (as defined in the next paragraph) do not contain, by comparison with the Base Prospectus, any "significant new factor" within the meaning of Article 16.1 of the Prospectus Directive. If neither (1) nor (2) applies the Issuer will need to consider effecting the issue by means of a supplement to the Base Prospectus or a stand alone prospectus rather than by Final Terms.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 10 June 2011 [and the supplement to the Base Prospectus dated [•] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), save in respect of the Conditions which are extracted from the base prospectus dated [original date] and are attached hereto. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and the relevant terms and conditions from that base prospectus with an earlier date were incorporated by reference in this Base Prospectus.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus dated [*original date*]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 10 June 2011 [and the supplement to the Base Prospectus dated [•] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), save in respect of the Conditions which are set forth in the base prospectus dated [*original date*] and are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.]

[Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [*original date*] and [*current date*] [and the supplement to the Base Prospectuses dated [•] and [•]]. The Base Prospectuses [and the Supplement to the Base Prospectus] are available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and during normal business hours at Olkiluoto, 27160 Eurajoki, Finland and copies may be obtained from Olkiluoto, 27160 Eurajoki, Finland.]

*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.*

*When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*

- |    |   |   |
|----|---|---|
| 1. | Issuer:   | Teollisuuden Voima Oyj  |
| 2. | (i) Series Number:  | [•]   |
|    | (ii) Tranche Number:  | [•]   |
|    | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible). |   |
| 3. | Specified Currency or Currencies:   | [•]   |
| 4. | Aggregate Nominal Amount:   | [•]   |
|    | (i) Series:   | [•]   |
|    | (ii) Tranche:   | [•]   |
| 5. | Issue Price:  | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] ( <i>in the case of fungible issues only, if applicable</i> )] |
| 6. | (i) Specified Denominations:  | [EUR 100,000]   |

*For Bearer Notes only, where any notes have a Specified Denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 in paragraph 24 (Form of Notes) of the Final Terms, the Temporary Global Note or the Permanent Global Note may only be exchangeable for Definitive Notes in the limited circumstances specified in the applicable Temporary*

*Global Note or Permanent Global Note.*

*[Other denomination of at least EUR100,000]*

*(N.B. Following the entry into force of the 2010 PD Amending Directive on 31 December 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1 July 2012) must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from Directive 2004/109/EC (the "Transparency Directive") exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*

*Notes which may be listed on the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system situated or operating in a member state of the European Union may not have a minimum denomination of less than EUR100,000 (or nearly equivalent in another currency)*

*[N.B. If the specified denomination is expressed to be EUR100,000 or its equivalent and multiples of a lower principal amount (for example EUR1,000), insert additional wording as follows:*

*"EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]. No notes in definitive form will be issued with a denomination above [EUR199,000]."]*

- (ii) Calculation Amount: EUR 1,000.
7. (i) Issue Date: [•]
- (ii) Interest Commencement [Specify/Issue Date/Not Applicable]  
Date:
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*

*If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional*



- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (ii) Specified Interest Payment Dates: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iii) [First Interest Payment Date]: [•]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (v) Additional Business Centre(s): [Not Applicable/give details]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]
- (viii) Screen Rate Determination:
- Reference Rate: [For example, LIBOR or EURIBOR]
  - Interest Determination Date(s): [•]

- Relevant Screen Page: [For example, Reuters LIBOR 01/ EURIBOR 01]
- Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
- Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]

(ix) ISDA Determination:

- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]

(x) Margin(s): [ +/- ][•] per cent. per annum

(xi) Minimum Rate of Interest: [•] per cent. per annum

(xii) Maximum Rate of Interest: [•] per cent. per annum

(xiii) Day Count Fraction: [•]

(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) [Amortisation/Accrual] Yield: [•] per cent. per annum

(ii) Reference Price: [•]

(iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [10(g)]]

18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Index/Formula/other variable: [give or annex details]

(ii) Calculation Agent responsible for calculating the interest due: [•]

(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other [•]

variable:

(vi) Interest Determination [•]  
Date(s):

(v) Provisions for determining [•]  
Coupon where calculation by  
reference to Index and/or  
Formula and/or other variable  
is impossible or impracticable  
or otherwise disrupted:

(vi) Interest or calculation [•]  
period(s):

(vii) Specified Period: [•]

*(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*

(viii) Specified Interest Payment [•]  
Dates:

*(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*

(ix) Business Day Convention: [Floating Rate Convention/ Following Business Day  
Convention/Modified Following Business Day  
Convention/Preceding Business Day  
Convention/other (give details)]

(x) Additional Business [•]  
Centre(s):

(xi) Minimum Rate/Amount of [•] per cent. per annum  
Interest:

(xii) Maximum Rate/Amount of [•] per cent. per annum  
Interest:

(xiii) Day Count Fraction: [•]

19. **Dual Currency Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate of Exchange/method of [give details]  
calculating Rate of Exchange:

(ii) Calculation Agent, if any, [•]  
responsible for calculating  
the principal and/or interest



due:

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]

## PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [•] per Calculation Amount
  - (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period: [•]

21. **Put Option** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) Notice period: [•]

22. **Final Redemption Amount** [•] per Calculation Amount

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]

- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [•]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (vi) Minimum Final Redemption Amount: [•] per Calculation Amount
- (vii) Maximum Final Redemption Amount: [•] per Calculation Amount

23. **Early Redemption Amount** [Not Applicable]

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): *(If both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)*

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. **Form of Notes:** [Bearer Notes:]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

*For Bearer Notes only, where any Notes have a Specified Denomination of EUR 100,000 or in excess*

thereof up to and including EUR199,000 as specified in paragraph 6(i) (Specified Denominations) of the Final Terms, the Temporary Global Note or the Permanent Global Note may only be exchangeable for Definitive Notes in the limited circumstances specified in the applicable Temporary Global Note or Permanent Global Note.

(N.B. The exchange upon notice/at any time options as specified above and in the Conditions should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:

"[EUR100,000] and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]"

**[Registered Notes]**

VPS Notes will be issued in uncertificated and dematerialised book entry form.

[Global Registered Note [€ [•] nominal amount)] registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS)).]

- |     |   |  |
|-----|---|--|
| 25. | New Global Note:  | [Yes] [No]   |
| 26. | Additional Financial Centre(s) or other special provisions relating to payment dates:   | [Not Applicable/give details.<br><i>Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 15(ii), 16(v) and 18(x) relate</i> ] |
| 27. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):   | [Yes/No. <i>If yes, give details</i> ]   |
| 28. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: | [Not Applicable/give details]  |
| 29. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:  | [Not Applicable/give details]  |
| 30. | Redenomination, renominatisation and reconventioning provisions:  | Not Applicable   |
| 31. | Other final terms:  | [Not Applicable/give details]  |

*[(When adding any other final terms consideration should be given as to whether such terms constitute*

*"significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

## DISTRIBUTION

32. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of [Subscription] Agreement: [•]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
33. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
34. Total commission and concession: [•] per cent. of the Aggregate Nominal Amount
35. U.S. Selling Restrictions: [Reg. S Compliance Category 2];  
*(In the case of Bearer Notes) - [TEFRA C/TEFRA D/TEFRA not applicable]*  
*(In the case of Registered Notes) - Not Applicable*
36. Non-exempt Offer: Not Applicable
37. Additional selling restrictions: [Not Applicable/give details]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue, admission to the official list and admission to trading on the regulated market of the Luxembourg Stock Exchange of the Notes described herein pursuant to the EUR 2,500,000,000 Euro Medium Term Note Programme of Teollisuuden Voima Oyj.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information*] has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **TEOLLISUUDEN VOIMA OYJ**:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing [Luxembourg/None/Other]
- (ii) Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange] with effect from [•]. [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [•].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (iii) Estimate of total expenses related to admission to trading: [•]

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: [•]]
- [Moody's: [•]]
- [Fitch: [•]]
- [[Other]: [•]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*
- [[insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]
- [[insert credit rating agency] is not established in the European Union but a European Union affiliate has applied for registration under Regulation (EC) No. 1060/2009 indicating an intention to endorse its ratings, although notification of the corresponding registration decision (including its ability to endorse [insert credit rating agency]'s ratings) has not yet been provided by the relevant competent authority.]
- [[insert credit rating agency] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]
- [[insert credit rating agency] is not established in the European Union and has not applied for registration

under Regulation (EC) No. 1060/2009.]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer [ ]

*(See ["Use of Proceeds"] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

[(ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses: [ ]

*[Include breakdown of expenses]*

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

5. **[Fixed Rate Notes only – YIELD]**

Indication of yield: [ ]

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Floating Rate Notes only - HISTORIC INTEREST RATES]**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from Reuters.]

7. **[Index-linked or other variable-linked notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of any market disruption or settlement disruption event effecting the underlying, as well as details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]]*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information, except if required to do so by any applicable laws and regulations].

8. **[Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

9. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

[Verdipapirsentralen, Norway. VPS identification number: [•] The Issuer shall be entitled to obtain information from the register maintained by the VPS for the purposes of performing its obligations under the issue of VPS Notes.]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper.] *[include this text for registered notes]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][*include this text if "yes" selected in which case the bearer Global Notes must be issued in NGN form*]



## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN, for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper. Special arrangements apply for VPS Notes (see *Terms and Conditions*).

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which in the case of any Global Registered Note which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

### Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has

requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant.) Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

#### **Exchange of Permanent Global Notes**

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## Exchange of Global Registered Notes

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or
- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then the Global Registered Note (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## Conditions applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

*Exercise of put option:* In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in

respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Payment Record Date:* Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## DESCRIPTION OF THE ISSUER

### Introduction

The Issuer's legal and commercial name is Teollisuuden Voima Oyj ("**TVO**"). TVO was registered as a limited liability company on 25 April 1969 in Finland with registered number 196.448 (Business Identity Code: 0196656-0), and as a non-listed public limited liability company in 2007, and operates under the Finnish law. TVO's principal place of business is at Olkiluoto, 27160 Eurajoki, Finland, and the telephone number of its registered office is +358 2 8381 1.

TVO's principal object, as set out in its articles of association, is the generation and supply of electricity at cost to its shareholders who consist mainly of electric utilities or their subsidiaries. TVO's objective is to produce electricity for the shareholders safely, economically and in an environmentally friendly manner.

### The TVO Group

TVO is a joint venture, where the biggest shareholder is Pohjolan Voima Oy. Subsidiaries in the TVO Group are TVO Nuclear Services Oy (TVONS), Olkiluodon Vesi Oy, Perusvoima Oy and the joint venture Posiva Oy.

TVONS is a wholly owned subsidiary of TVO. It delivers to its customers expertise and services related to high level nuclear safety, cost-effective operations and nuclear waste management. TVONS provides its customers with access to the special expertise of TVO personnel and the Olkiluoto infrastructure.

Olkiluodon Vesi Oy is a wholly owned subsidiary of TVO. It is responsible for the raw water supply to the TVO and Posiva Oy operations at Olkiluoto.

Perusvoima Oy, a wholly owned subsidiary of TVO, is currently a dormant company.

Posiva Oy, which is jointly owned by TVO and Fortum Power and Heat Oy, is responsible for research into and implementation of the final disposal, of its shareholders' spent nuclear fuel (see "*Nuclear Waste Management - Disposal*" below). TVO owns 60 per cent. of Posiva Oy.

### Operating Model of TVO

TVO is governed and operated according to the so-called Mankala model, which is a business model widely applied in the Finnish energy industry. Under this model, TVO supplies electricity only to its shareholders and at cost price, thus in principle the profit/loss for the financial year is zero or close to zero. As a result, TVO is not exposed to fluctuations in the market price of electricity. Furthermore, TVO is not subject to price regulation. None of the shareholders have majority rights and important decisions such as investment plans and cost budgets require a three-quarters majority vote of the Board of Directors. However, a change in the Mankala business model of TVO would require unanimous shareholder approval.

The costs of production, i.e. the price of the electricity, is charged in two or three stages: fixed costs are collected monthly in advance and payment of each shareholder's proportional share of fixed costs is a requirement for the shareholder to obtain its proportional share of electricity available; variable costs are charged monthly in arrear and are determined according to the amount of electricity actually supplied; and any further operating costs incurred, if any, are funded on an annual basis. Similarly, capital injections from the shareholders, if required, are usually made on an annual basis. Currently approximately 25 per cent of any new large investments, such as the OL3 construction project, come from equity capital injections or subordinated shareholder loans. In theory, a shareholder could buy less electricity than it is entitled to. However, whilst such a shareholder would then not have to pay the variable costs related to that electricity produced, they would nevertheless still have to pay the fixed costs.

Under TVO's articles of association, each shareholder is severally liable for annual fixed costs, including paying debt instalments on an annual basis, in proportion to its shareholding and for variable costs in proportion to the amount of electricity taken. If a shareholder were to fail to cover these costs, TVO would be entitled to cut off its supply and sell the electricity to another shareholder, or to the liquid Nordic electricity exchange (Nord Pool) based on the best offer principle. TVO has never experienced payment delays by its shareholders.

TVO is not subject to price regulation. The management of TVO receives performance related bonuses if cost, output and safety targets are met.

In April 2010 the European Commission received a complaint and a written question from two members of the European Parliament (see question E-2217/10 by Satu Hassi and Heidi Hautala) concerning the granting of alleged state aid to a significant number of electricity generators (re: CP344/2009 "Mankala" electricity supply scheme). In June 2010, the Finnish authorities provided the European Commission with their summary of the facts. The Commission requested some further clarification on the Mankala scheme from the Finnish authorities in April 2011.

## Shareholders

TVO has six shareholders, and its share capital is divided into three share series, A, B and C. The A series entitles shareholders to electricity generated by the OL1 and OL2 units and the wind and gas-fired units at Olkiluoto. The B series entitles shareholders to the electricity that will be generated by the OL3 unit. The C series entitles shareholders to the electricity generated by TVO's share in the Meri-Pori coal-fired power plant. Existing shareholders have a pre-emptive right to the shares to be issued in proportion to their current shareholdings in the company. The shareholder structure has been very stable since TVO's inception, with no significant shareholder changes over the last 20 years. As at 31 December 2010, the share series were held as follows:

### TVO's Shareholders (per cent)

|                                  | A series | B series | C series | Total |
|----------------------------------|----------|----------|----------|-------|
| EPV Energia Oy .....             | 6.5      | 6.6      | 6.5      | 6.5   |
| Fortum Power and Heat Oy .....   | 26.6     | 25.0     | 26.6     | 25.9  |
| Karhu Voima Oy .....             | 0.1      | 0.1      | 0.1      | 0.1   |
| Kemira Oyj .....                 | 1.9      | –        | 1.9      | 1.0   |
| Oy Mankala AB <sup>1</sup> ..... | 8.1      | 8.1      | 8.1      | 8.1   |
| Pohjolan Voima Oy .....          | 56.8     | 60.2     | 56.8     | 58.4  |
| Total .....                      | 100.0    | 100.0    | 100.0    | 100.0 |

## Business and Operations of TVO

TVO is an electricity generator supplying electricity exclusively to its shareholders at cost price. A total of 87.5 TWh of electricity was consumed in Finland in 2010, of which 15.8 TWh (18.06 per cent) was produced by TVO.

Electricity is generated by nuclear power at Olkiluoto in Eurajoki. TVO also has a one-megawatt wind turbine power plant at Olkiluoto and a 100-megawatt reserve gas turbine power plant built as a joint venture by Fingrid Oyj and TVO. TVO has a 45 per cent share in electricity generated by the Meri-Pori coal-fired power plant.

## Nuclear

### *Olkiluoto 1 and Olkiluoto 2*

TVO currently operates two nuclear power units at the Olkiluoto plant in Eurajoki; Olkiluoto 1 ("**OL1**") and Olkiluoto 2 ("**OL2**"). The 30 year anniversary of nuclear energy production at Olkiluoto was celebrated in September 2008. As from the beginning of July 2010 the rated net output of OL1 was increased from 860 to 880 MW. The nominal installed capacity of OL2 is 860 MW. However, the corresponding modernization for OL2 is carried out in spring 2011 which is expected to result in a similar output increase to that of OL1. In 2010, the annual output of the OL1 and OL2 units combined was 14,144 GWh (14,452 GWh in 2009). According to statistics produced by Energiategollisuus ry (Finnish Energy Industries) the OL1 and OL2 units combined produced 16 per cent of the aggregate amount of electricity used in Finland during 2010 (as compared to 18 per cent in 2009).

<sup>1</sup>Oy Mankala AB is wholly-owned by Helsingin Energia, the municipal electric utility of the City of Helsinki.

|             | 2010                   |                     | 2009                   |                     |
|-------------|------------------------|---------------------|------------------------|---------------------|
|             | Total generation (GWh) | Capacity (per cent) | Total generation (GWh) | Capacity (per cent) |
| Olkiluoto 1 | 6,977                  | 91.8                | 7,296                  | 97.0                |
| Olkiluoto 2 | 7,167                  | 95.2                | 7,156                  | 95.1                |
| Total       | 14,144                 |                     | 14,452                 |                     |

OL1 and OL2 are in constant operation, aside from planned maintenance outages, for the supply of base-load electricity. The OL1 and OL2 annual outages in 2010 were carried out according to plan from 2 May to 12 June 2010. In 2011 annual outages started on 1 May 2011 and are expected to finish by 10 June 2011. In addition to regular annual outages, TVO also carries out extensive service outages approximately once every 10 years in order to implement major modifications. TVO maintains its existing units OL1 and OL2 according to best practices to ensure highest safety standards and efficient power generation until the end of the economic lifetimes of the units, which is estimated to be approximately 60 years. In 2010 - 2011, the most extensive annual outages in the history of the OL1 and OL2 have been carried out. The most significant projects which have been realised involve replacement of low-pressure turbines, steam extraction ducts, generator and its cooling system, I&C for condensate purification, inner isolation valves of main steam lines, low voltage gears and main seawater pumps. The upgrades implemented at each plant have further improved safety and net electrical output of the units. The rated net output of OL1 was increased by 20 MW as a result of improved efficiency of the turbine plant and it is expected to increase also at OL2.

### *Olkiluoto 3*

In 2005, the Finnish Government granted a construction licence for a third nuclear power unit ("OL3") to be constructed at the Olkiluoto plant. OL3 is currently under construction by a Franco-German consortium formed by AREVA NP GmbH and AREVA NP SAS (together "AREVA") and Siemens AG ("Siemens" and together with AREVA, the "Supplier"). The companies constituting the Supplier are jointly and severally liable for the turnkey delivery of OL3, and AREVA SA has provided a parent company guarantee in respect of the contractual obligations of AREVA.

According to the contract for the construction of OL3 (the "**Plant Contract**"), the Supplier is responsible for the design, engineering, equipment procurement, equipment manufacture, construction, erection, testing, commissioning, licensing, fuel supply and remedying of defects, as well as project management of OL3 on a turnkey basis. Due to the Supplier's turnkey responsibility, TVO is only responsible for a limited amount of scope under the Plant Contract. The Plant Contract includes protection, such as a contract performance bond, a guarantee period bond and liquidated damages for delays, plant performance and plant availability, for TVO.

The OL3 unit will comprise a European Pressurised Water Reactor which, when operational, will have an installed capacity of approximately 1,600 MW and will be more efficient than the existing units as it will produce less radioactive waste per MWh of electricity produced. The cost of OL3 is scheduled to be recovered by TVO over a 40 year period, with the planned operating life being at least 60 years.

Under the turnkey Plant Contract for the OL3 project between TVO and the Supplier, the Supplier guaranteed a completion date of 30 April 2009. However, the Supplier has reported that most of the works will be completed in 2012, and nuclear fuel loading will be done in the end of 2012. According to the Supplier's latest estimate, commissioning will take about eight months and operation will start during the latter half of 2013. The Supplier's works at the OL3 construction site have progressed during spring 2011. The concreting of the outer dome part of the reactor building is in progress. The main components of the turbine island have been installed and the installation of the primary circuit components has progressed in the nuclear island. The first component erected was the reactor pressure vessel, which is the core of the whole plant unit. Additionally, steam generators, the reactor coolant piping and the housings of the main reactor coolant pumps have been installed. The turnkey Supplier is responsible for the schedule.

During 2010 and spring 2011, the civil construction works have been completed to a large extent.

The design of certain parts of the plant automation system is ongoing, and the related approvals from the Finnish Radiation and Nuclear Safety Authority (*Säteilyturvakeskus*) ("**STUK**") are still partly unresolved.

In addition to the normal monitoring of deliveries and manufacture, several quality audits were conducted to check the activities of the Supplier and the Supplier's subcontractors. TVO continues to provide support for the Supplier to ensure the completion of the project as soon as possible, without compromising safety and quality requirements. No assurance can be given that further delays would not occur in the completion of the project.

In 2004 the European Renewable Energies Federation (the "**EREF**") filed a complaint with the European Commission claiming that different aspects of the financing of OL3 amounted to state aid that had not been notified. In its decision of 25 September 2007 (Decision C(2007) 4323 concerning case NN 62/A/2006) the European Commission concluded that the export guarantee provided by the French export credit agency (COFACE) granting credit for the financing of the nuclear power plant, OL3, which was purchased by TVO, did not constitute illegal state aid and therefore closed the investigation. The EREF has brought an action for the annulment of this decision claiming that: the export guarantee or credit insurance of EUR 570 million provided by COFACE to TVO constitutes illegal intercommunity aid due to its financial impact on the overall financing package of the project; that the guarantee constituted unlawful state aid in so far as it was provided by COFACE acting as a public agency on the account of France which undertook responsibility to cover repayment of the credit to the bank consortium in case TVO was unable to pay; and, in so far as it conferred an unfair economic advantage to TVO, facilitated its access to the market and secured its future financing potential. In addition, the EREF submitted that such secured loan will enable TVO to produce electricity at a considerably lower cost.

The European Court of First Instance ordered on 19 November 2009 that the action of EREF be dismissed as manifestly inadmissible and EREF shall bear its own costs and pay those of the European Commission.

EREF appealed against the order in February 2010. EREF claimed that the court should declare the orders null and void, refer the case back for judgment to the Court and order the European Commission to pay the procedural costs of the appeal procedure. The appeals were dismissed by the Court in September 2010.

TVO is not a party in the proceedings.

#### *Olkiluoto 4*

An environmental impact assessment ("**EIA**") for a fourth nuclear power unit at Olkiluoto ("**OL4**") was carried out during 2007 and the report was submitted to the Ministry of Employment and the Economy in February 2008. The Ministry issued its statement on the report in June 2008. The report assessed the impacts of OL4 on the environment in accordance with the Finnish Environmental Impact Assessment Act and Decree and stated that the EIA did not find any adverse environmental impact of such significance arising from the construction or operation of the nuclear power plant that could not be accepted or mitigated to an acceptable level. In April 2008, TVO filed an application for a decision in principle to construct OL4. The municipality of Eurajoki in which OL4 is proposed to be located has issued a positive statement on the project. In July 2010, the Finnish Parliament approved the favourable decision-in-principle made by the Finnish Government. TVO's management believes that it should be possible to produce electricity at OL4 starting in the early 2020's.

According to the preliminary safety assessment of STUK regarding the OL4 project, all the plant alternatives presented by TVO are feasible and TVO has the capabilities to complete the project to high safety and quality control standards.

The ground surveys began at the plant site in 2010. Preparation of the tender material for OL4 project, project planning, verification of licensing practices, and assessment of implementation alternatives continue. Recruitment for increasing the resources for the OL4 project was initiated in late 2010.

The costs of construction of a nuclear power unit are projected to be covered over a 40 year period, with the operational life of a unit expected to be at least 60 years.



### *Operating Licences*

The Finnish regulatory practice has been that the operating licence for the Olkiluoto nuclear power generation is granted for a 20 year period. Currently, the OL1 and OL2 units have an operating licence expiring in 2018. TVO's management are not aware of any circumstances which would prevent an extension of the licences for a further 20 years thereafter.

### *Fuel Procurement*

The procurement of nuclear fuel involves three main elements: the purchase of raw uranium, uranium enrichment services, and nuclear fuel manufacture. TVO itself is not involved in the uranium acquisition, enrichment or manufacture processes and only receives the final product which has been sufficiently enriched to be used as a fuel, but has not been enriched further. TVO maintains relationships with a number of suppliers in each field which results in reliable and cost efficient fuel sourcing, diversified supply sources and competitive pricing. Most of the above services are procured under long-term contracts.

### *Nuclear waste management - Disposal*

According to the Finnish Nuclear Energy Act (Ydinenergi laki, 11.12.1987/990), each nuclear operator is fully responsible for the costs of waste management and the final cost of decommissioning. Estimates of these future costs are assessed annually and reviewed by the Ministry of Employment and the Economy. TVO bears full legal and financial responsibility for the management and disposal of nuclear waste produced by the Olkiluoto power plants.

After removal from the reactor, spent nuclear fuel is placed in pools within the reactor halls to cool for a few years. Thereafter the spent fuel is packed in a strong transfer container filled with water. This container is transported on a purpose-built vehicle to the on-site interim storage facility where the spent fuel will spend 40 years in storage pools before being transferred to the final repository.

TVO currently operates permanent final repositories for low-level and intermediate-level radioactive waste at the Olkiluoto site. Low-level waste is miscellaneous waste contaminated with radioactive material (including flame-retardant fabrics, plastics, protective clothing, tools and machine parts and pipes removed from the power plant). Intermediate-level waste consists of the ion-exchange resins used to purify the water used in the nuclear power production processes.

In order to reduce the risk of nuclear irradiation, multi-layered containment systems and sophisticated safety protocols are used to isolate radioactive materials from the surrounding environment during the process of interim storage, packaging, transport, relocation and encasement of nuclear waste in the final disposal repositories. The operating waste is packed into steel drums. Soft low-level waste is packed into 200 litre drums, which are then compacted to about half their original size and packed into concrete boxes. Low-level scrap metal waste is cut up or crushed and packed directly into the concrete boxes. The ion-exchange resins are dried and solidified with bitumen, and then cast into 200-litre drums. These drums are also packed into concrete boxes.

The repository for low-level and intermediate waste is the VLJ repository on the Olkiluoto site. Packed into concrete boxes, the waste is transported by a radiation-shielded vehicle into the repository, where it is transferred to low-level and intermediate-level silos excavated into the bedrock at a depth of 60 to 100 metres. There is also a separate space in the VLJ repository for storing the small quantities of radioactive waste that are generated as a result of scientific research and health care in Finland. The VLJ repository will also house irradiated equipment and construction material when the respective nuclear facilities are decommissioned.

TVO and Fortum Power and Heat Oy have established a company, Posiva Oy, which will dispose of high-level nuclear waste from the Olkiluoto and from Fortum's Loviisa nuclear power plants (the high-level waste will be stored for about 40 years in interim storage facilities on site at the respective nuclear power plants). Posiva Oy will dispose of the nuclear waste at a purpose-built nuclear waste repository. TVO's operations (OL1, OL2 and OL3) will account for approximately 74 per cent of the waste deposited at the site, and TVO will contribute the same proportion of the costs. The spent nuclear fuel will be packed into copper/cast iron canisters and stored approximately 420m below ground. Posiva Oy aims to submit the application for the construction licence for the facility in 2012, and to begin construction after

2012. Posiva Oy aims to submit the application for an operating licence in 2018 and for operations to commence in 2020. As part of the project, the ONKALO research facility, which will conduct research relating to the storage of nuclear waste, is also under construction at Olkiluoto. The final disposal depth of ONKALO, which will be part of the final disposal repository, was reached in June 2010. Also the construction of a ventilation and hoist equipment building connected with the final disposal repository was started in summer 2010.

In June 2010, the Finnish Parliament approved Posiva Oy's favourable decision-in-principle made by the Government for constructing an extended final disposal repository for spent nuclear fuel in Olkiluoto. The extension will cater for the management of spent nuclear fuel arising from OL4 plant unit under planning.

In September 2010 the construction work in order to extend the interim storage facility of spent nuclear fuel with three new storage pools was started. The extension can be used for the needs of OL1, OL2 and OL3.

#### *Nuclear waste management - Funding*

In Finland, the future costs of the final disposal of spent fuel, the management of low and intermediate-level radioactive waste and nuclear power plant decommissioning are provided for by a state-established fund (the Finnish State Nuclear Waste Management Fund) (the "**Fund**") to which nuclear power plant operators make annual contributions. The Ministry of Employment and the Economy calculates annually TVO's total liability for nuclear waste management and the contribution TVO must make to the Fund based on the actual total cost of containing the nuclear waste over time.

At 31 December 2010, TVO's legal liability for nuclear waste management according to the Nuclear Energy Act was EUR 1,179.1 million (compared with EUR 1,160.7 million in 2009) and the TVO's funding target obligation for 2011 to the Finnish State Nuclear Waste Management Fund EUR 1,123.4 million (compared with EUR 1,069.8 million for 2010). 31 December 2010, TVO's share in the Finnish State Nuclear Waste Management Fund was EUR 1,086.4 million. The difference between TVO's legal liability calculated according to the Nuclear Energy Act and TVO's funding target obligation is covered by guarantees. The carrying value of the legal liabilities in the balance sheet at 31 December 2010 was EUR 806.3 million (compared with EUR 633.5 million in 2009), calculated according to IFRS. A corresponding amount, under assets, represents TVO's share in the Finnish State Nuclear Waste Management Fund. TVO utilizes the right to borrow funds back from the Finnish State Nuclear Waste Management Fund in accordance with the defined rules. At March 31, 2011, the amount of the loan was 842.6 million. The loan has been re-lent to TVO's A series shareholders.

Although TVO's contributions to the Fund are calculated to cover estimated future costs of: the final disposal of spent fuel; the management of low and intermediate-level radioactive waste; and plant decommissioning (and includes a safety margin in respect of such estimated future costs), the possibility exists that actual costs could exceed the provisions of the Fund. If this were to occur, TVO would be responsible for its proportion of any such excess costs.

#### *Nuclear liability - Current Regime*

Under the Finnish Nuclear Liability Act (Ydin vastuulaki, 8.6.1972/484) (the "**FNLA**"), TVO has strict third-party liability in relation to nuclear accidents up to a capped amount, which is set at 175 million special drawing rights (equivalent to approximately EUR 200 million<sup>2</sup>) per nuclear incident. TVO is obliged under statute to have private insurance cover up to this same amount. TVO maintains insurance in compliance with its statutory obligations, in addition to which TVO maintains separate insurance to cover its operations. The provisions of the NLA are based on the international Paris and Brussels conventions. TVO's liability is insured up to 210 million Special Drawing Rights. This corresponds to approximately EUR 240 million.

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<sup>2</sup> The currency value of the SDR is determined by summing the values in U.S. dollars, based on market exchange rates, of a basket of major currencies (the U.S. dollar, Euro, Japanese yen, and pound sterling). The SDR currency value is calculated daily and the valuation basket is reviewed and adjusted every five years. The exchange rate on 11 May 2011 is 1 SDR = 1.12 Euros.

### *Nuclear Liability - New Regime*

The parties to the Paris and Brussels conventions agreed to modify the conventions in February 2004. In Finland, the amendment of the FNLA to incorporate such modifications to the Paris and Brussels conventions was approved by Parliament in 2005; however, this has not yet been implemented into domestic legislation, as the revised Paris and Brussels conventions will only come into force when two thirds of the undersigned countries have ratified the amendments. In most of the countries, this procedure has not yet been completed and, therefore, it is difficult to forecast when the amendments will come into force.

The agreed modifications to the conventions will increase the insurance obligation on TVO to cover damages of up to EUR 700 million per nuclear incident. The Finnish government would then compensate for any damages exceeding EUR 700 million and up to a limit of EUR 1,200 million (i.e. a maximum liability to the Finnish government of EUR 500 million). Thereafter, the compensation community (composed of the countries which are party to the Paris and Brussels conventions) will be liable for further damages of up to EUR 300 million for any nuclear incident, so that the total maximum amount of compensation would be EUR 1,500 million.

Under the new regime, according to the FNLA paragraph 18, as will be amended by amending regulation 23.6.2005/493 once brought into force, there will be no limit on the liability of a nuclear power operator for damage that has occurred within Finland. Thus TVO will be liable for the cost of any damage up to EUR 700 million (up to which amount it will be required by statute to be insured) for any damage occurring either inside or outside of Finland. For damage occurring outside of Finland, TVO's liability will be capped at this amount, however, as there is no limit on liability for damage occurring inside Finland, TVO will be liable for the cost of any such damage where the cost exceeds EUR 1,500 million (TVO will not be required by statute to be insured for such amounts).

In December 2010, the Finnish Parliament legislated a new interim amendment of the FNLA, which will enact nationally the above described higher liability capped minimums (i.e. up to 600 SDR, approximately EUR 700) for any damage occurring either inside or outside of Finland and it also will enact unlimited liability for a nuclear power operator for damage that has occurred in Finland. The new amendment will enter into force on 1 January 2012, and it will remain in force until the amending regulation 23.6.2005/493 shall be brought into force.

### *Safety and Environmental Issues*

Finland is a member of the International Atomic Energy Agency ("**IAEA**") and TVO is a member of the World Association of Nuclear Operators ("**WANO**"). Like other members of WANO, TVO submits its nuclear power units to periodic peer review, the last such review was conducted in 2006, which was followed-up in 2009.

In 1991, the IAEA and the Nuclear Energy Agency of the OECD introduced the following seven-grade international nuclear events scale ("**INES**"), an internationally recognised standard used to inform the public of the safety significance of a nuclear event:

| <b>Level</b> | <b>Description</b>                          | <b>Criteria</b>  |
|--------------|---|--|
| 0            | Below scale                                 | No safety significance.  |
| 1            | Anomaly                                     | Variation from permitted procedures.   |
| 2            | Incident                                    | Incident with potential safety consequences on site but with sufficient safety defences remaining. Insignificant release of radiation off site.                                    |
| 3            | Serious incident                            | Very small release of radioactivity. Radiation exposure off site a fraction of the prescribed limits. Local protective measures unlikely. Possible acute health effects to worker. |
| 4            | Accident without significant off site risks | Minor release of radioactivity. Radiation exposure off site of the order of prescribed limits. Local protective measures unlikely except for some food monitoring and control.     |

| Level | Description                  | Criteria  |
|-------|------------------------------|---|
|       |                              | Significant plant damage. Fatal exposure of a worker.   |
| 5     | Accident with off site risks | Release of radioactivity. Severe plant damage. Partial implementation of local countermeasures. |
| 6     | Serious accident             | Significant release of radioactivity. Full implementation of local countermeasures.             |
| 7     | Major accident               | Major release of radioactivity. Acute health and long term environmental effects.               |

In Finland, the classification of nuclear incidents is carried out by STUK. The INES classification of incidents at Olkiluoto this decade have been as shown in the following table. The INES 1 events have included incidents such as a minor fire, which started from an oil leak, and the isolation valve of a steam line failing to close during scheduled testing.

#### Incidents at TVO as classified according to INES

| INES Classification | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 (to date) |
|---------------------|------|------|------|------|------|------|------|------|------|------|----------------|
| 7.....              | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -              |
| 6.....              | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -              |
| 5.....              | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -              |
| 4.....              | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -              |
| 3.....              | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -              |
| 2.....              | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -              |
| 1.....              | 1    | 1    | 7    | -    | 3    | -    | 2    | 5    | 3    | 2    | 1              |
| 0.....              | 7    | 5    | 10   | 6    | 3    | 4    | 5    | 5    | 2    | -    | 1              |

TVO's radioactive emissions into the air are well within officially permitted limits. The activation and fission products discharged into seawater at Olkiluoto are substantially less than the maximum permitted values and Tritium emissions are also substantially less than the officially set maximum levels.

TVO carries insurance cover of up to EUR 500 million for damage incurred as a result of sabotage or terrorist activity. As at the date of this Prospectus, TVO has never experienced a security incident.

TVO's operations are in accordance with TVO's environmental policy and all applicable environmental permits (see "*Regulation*" below), and environmental management system. TVO's environmental management system, which also covers the construction phase of OL3 complies with the international ISO 14001:2004 standard and is EMAS registered.

TVO has covered its environmental responsibility in a separate report since 1996, and its corporate social responsibility including financial, environmental, and social responsibility, since 2001. The information describing the company's environmental responsibility is based on reporting abiding by the EMAS Regulation 1221/2009. TVO's report for 2010, which provides more detailed information on the environment issues and indicators, was released in March 2011, and the report for 2011 will be released in the spring 2012. TVO's Corporate Social Responsibility Report 2010 was verified by DNV in February 2011.

#### Recent Developments after the Fukushima Incident

On 11 March 2011 a strong earthquake struck Japan, and a tsunami followed by the earthquake caused a severe nuclear accident at Fukushima-Daiichi nuclear power plant located on the eastern coast of Japan. Due to the accident in Japan checks on safety measures were initiated also in Europe. The European Commission initiated actions to analyze the risk and safety level of all the nuclear power plants within EU. In Finland, STUK started at the request of the Ministry of Employment and the Economy an assessment on how nuclear power plants in Finland are prepared for the impacts floods and other extreme phenomena may have on the functioning of the facilities. In the assessment, particular attention was paid to how the power supply of nuclear power plants is secured if incidents or accidents occur. TVO took part in the assessment carried out by STUK. The assessment concerned nuclear power plant units in operation,

under construction, and under preparation. According to the report given by STUK no new threat factors or deficiencies that would require immediate safety improvements have appeared in Finnish nuclear power plants. STUK states further that although there is no need for immediate safety improvements, there is reason for power companies to continue investigations into preparation for certain exceptional natural conditions. Investigations and plans for safety improvements can be compiled in connection with and on the same schedule as stress tests carried out at the request of the EU Council of Ministers during this year. TVO's management is not aware of any deficiencies on safety measures in the Olkiluoto units. However, TVO can give no assurance that the stress tests to be carried out will not negatively affect TVO's operations and costs.

## **Coal**

TVO contributed to the construction costs of the Meri-Pori coal-fired power plant having a 45 per cent share thereof, the remaining share being held by Fortum Power and Heat Oy. TVO is entitled to a corresponding share of the plant's capacity and is responsible for providing the coal required to produce such share. Operating the plant is the responsibility of Fortum Power and Heat Oy.

The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant was 1,621.7 GWh in 2010 (compared to 845.3 GWh in 2009). To produce TVO's share, 561.5 thousand tonnes of coal were used in 2010 (compared to 299.3 thousand tonnes in 2009) and 1,318.1 thousand tonnes of carbon dioxide emissions rights were used in 2010 (compared to 692.0 thousand tonnes in 2009). TVO's share of the free emission rights for the Meri-Pori coal-fired power plant totalled 1,479.7 thousand tons in 2008-2012. In 2010 the share was 295.9 (295.9 in 2009) thousand tonnes.

If TVO's emissions were to be in excess of the free emission rights held by TVO then new emission rights would need to be bought in the open market.

## **Wind**

TVO currently wholly-owns and operates one wind turbine, situated in Olkiluoto, which has an installed capacity of 1 MW and produced 0.001 TWh of electricity in 2010 (compared to 0.002 TWh in 2009).

## **Gas**

TVO owns a 50 per cent share of the gas turbine power unit at the Olkiluoto plant, which has an installed capacity of 100 MW. The gas unit is a reserve unit and is not currently in operation, other than for the purpose of periodic testing. In 2010 TVO's share of the plant's electricity production was 0.001 TWh.

## **Personnel**

As at 31 December 2010, the total number of personnel in the TVO Group was 803 (compared with 802 at the end of 2009), and the average during the year was 842 (the average in 2009 was 835).

TVO recruited 29 employees in 2010 (compared with 31 in 2009). During 2010, 31 employees changed jobs (compared with 28 in 2009) and 32 permanent employees left the company (compared with 23 in 2009), including 18 who retired (13 in 2009).

The collective agreements, for different groups of personnel in the energy industry, remained in force throughout 2010.

## **Operating Environment**

Finland, Sweden, Norway and Denmark together comprise a single electricity market, with the price of electricity established by free trading on the electricity exchange (Nord Pool). Nord Pool quotes the day-ahead market price for each hour of a given day, which is calculated on the basis of purchase and sale bids. Approximately 70 per cent of electricity is traded through the spot market in the Nordic area, while the rest is exchanged based on bilateral transactions.

Finland has the highest per capita electricity consumption in EU at 16,300 kWh per annum owing to its energy-intensive industries (steel, manufacturing, pulp and paper) as well as the additional energy expenditures required generally in a cold climate. Demand from industrial users of electricity contributed 47 per cent to the total electricity consumption in 2010.

Aggregate Finnish electricity consumption was 87.5 TWh in 2010. Combined electricity and heat generation accounted for 32.6 per cent, nuclear power for 25 per cent, hydro power for nearly 15 per cent and coal-fired and other condensation power for more than 15 per cent of the electricity used. Net imports of electricity decreased by 13 per cent in comparison with 2009, and accounted for 12 per cent of electricity used. Wind power accounted for 0.3 per cent of electricity used.

In June 2009 the Finnish Parliament approved a Government report on Finland's long-term climate and energy strategy. As a continuation to the long-term strategy, the Government made decisions regarding various sectors of the energy policy in 2010. In February 2010, the Government issued a decision-in-principle on energy efficiency measures. The purpose of the proposed measures is to improve the efficiency of the end-use of energy by 37 TWh by 2020. The package of obligations regarding renewable energy was published in April 2010. It is aimed at increasing the usage of renewable energy sources by 38 TWh by 2010. In May 2010, the Government issued two favourable decisions-in-principle for building additional nuclear power capacity. The favourable decisions concerned the application of TVO (OL4) and the application of Fennovoima Oy regarding the construction of a new nuclear power plant in Simo or Pyhäjoki. Posiva Oy's application for constructing an extended final disposal repository for spent nuclear fuel in Olkiluoto also received a favorable decision-in-principle. Parliament approved the decisions-in-principle on 12 July 2010.

In February 2011, the Ministry of Employment and the Economy published a report concerning introduction of uranium tax. The report stated that it is possible to create a tax model on uranium in Finland. There can be no assurance that developments in the political debate for uranium tax will not result in a new tax to be legislated which could have a negative effect on TVO's operations or costs.

## **Regulatory Environment**

The use of nuclear energy is subject to licensing. Applications are made to the Finnish Government for decisions in principle, construction licences and operating licences. The Radiation and Nuclear Safety Authority is responsible for monitoring the safe use of nuclear energy and it is also responsible for monitoring safety and emergency arrangements and nuclear material in Finland. TVO's environmental system complies with the international ISO 14001:2004 standard. TVO has the licenses relevant to its business, such as but not limited to operation licenses for OL1 and OL2 and construction license for OL3 as well as the necessary environmental permits. There is no reason to believe that any of these licenses will be revoked. The current operation licenses for OL1 and OL2 were granted by the Council of State on 20 August 1998 and they are subject to renewal in 2018.

One fundamental principle behind the Finnish legislation on nuclear energy, is that its use must be in the overall good of the society as a whole. The main rules on the use of nuclear energy, monitoring of that use and nuclear safety, are contained in the Finnish Nuclear Energy Act (Ydinenergialaki, 11.12.1987/990) and the Nuclear Energy Decree (Ydinenergia-asetus, 12.2.1988/161), as well as lower level statutes enacted pursuant to them, such as the Radiation and Nuclear Safety Authority's YVL (NPP) guidelines. Other regulations pertaining to the exploitation of nuclear energy are to be found in the Radiation Act (Säteilylaki, 27.3.1991/592) as well as in the Government Decree on the Safety of Nuclear Power Plants, the Government Decree on the Security in the User of Nuclear Energy, the Government Decree on the Emergency Response Arrangements at Nuclear Power Plants, and the Government Decree on the Safety of Disposal of Nuclear Waste. In addition, the Nuclear Liability Act (Ydinvastuulaki, 8.6.1972/484) regulates the liability of an operator in charge of a nuclear plant in the event of a nuclear accident. No such changes in the regulatory framework are foreseeable that would significantly affect the operation of TVO.

TVO maintains insurance for nuclear liability in accordance with requirements of Finnish laws and regulations that are based on the international conventions on nuclear liability to which Finland is a party.

## **Governance of TVO**

### *General*

Under its articles of association, TVO delivers electricity to its shareholders in accordance with the "Mankala principle", which means delivering the electricity produced or procured to its shareholders in proportion to their shareholdings in each series. Each of the shareholders of each series bears their share of the variable and fixed annual costs as specified in detail in the articles of association. The shareholders

have concluded a mutual shareholders' agreement, which contains more detailed regulations on corporate governance.

As TVO is a non-listed public company applying the Mankala principle, it observes the Corporate Governance Code for listed companies where applicable.<sup>3</sup> However, TVO is not obliged to observe the Corporate Governance Code nor therefore the Comply or Explain principle. According to Chapter 2, Section 6 of the Securities Markets Act (*Arvopaperimarkkinalaki*, 26.5.1989/495), the issue of a security subject to public trading must provide a corporate governance statement in its annual report or separately. TVO published a separate Corporate Governance Statement 2010 on its website ([www.tvo.fi](http://www.tvo.fi)) in March 2011.

### **Shareholders' Meeting**

The Shareholders' Meeting is the highest decision-making body in TVO. It decides on matters falling within its sphere of competence under the Finnish Companies Act and articles of association such as adoption of the financial statements, the use of the profit shown on the adopted balance sheet and discharging the Board of Directors and the President and CEO from liability. The Shareholders' Meeting also elects the Members of the Board, elects the Auditors and decides on the remuneration of the Members of the Board.

The Annual General Meeting is held at the latest in May. The shareholders are invited to the Annual General Meeting no earlier than four weeks and no later than ten days before the meeting.

The Annual General Meeting is attended by the President and CEO, the Chairman of the Board of Directors, a sufficient number of members of the Board and the Auditor. As a rule, anyone running for membership of the Board of Directors for the first time is required to attend the Shareholders' Meeting deciding on their election, unless their presence is prevented by a weighty reason.

#### *Annual General Meetings in 2010 and 2011*

TVO's Annual General Meeting was held on 24 March 2010 and 24 March 2011.

### **Board of Directors**

Under the articles of association TVO's Board of Directors consists of a minimum of seven and a maximum of ten members (each a "**Director**"). The term of office of a Board member starts at the termination of the Shareholders' Meeting at which the election takes place and ends at the termination of the Shareholders' Meeting at which the new election takes place. According to TVO's articles of association, a shareholder who owns more than 20 per cent and less than 50 per cent of TVO's shares has the right to appoint three members to the Board of Directors. The Board of Directors elects a Chairman and a Deputy Chairman from among its members. The Board convenes when summoned by the Chairman or, where the Chairman is prevented from so doing, by the Deputy Chairman. More than half of the members of the Board present at a meeting constitute a quorum.

The Board of Directors promotes the interest of the Issuer and all its shareholders. The members of the Board do not represent those parties who proposed them as members or any other parties.

The Board of Director's responsibilities and authority cover all matters related to TVO's administration that, according to legislation or the articles of association, are not handled by the Shareholders' Meeting. TVO's Corporate Governance Statement 2010 gives more detailed information on the Board of Director's responsibilities.

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<sup>3</sup> A new Finnish Corporate Governance Code was published on 15 June 2010, replacing the Corporate Governance Code issued in October 2008. The new Code has been prepared in accordance with the so-called "Comply and Explain" - principle which means that the company shall comply with all recommendations of the Code. However, a listed company may depart from an individual recommendation, if it accounts for such a departure and provides an explanation for it. The new Code is available at [www.cgfinland.fi](http://www.cgfinland.fi)

### *Board of Directors in 2011*

The annual general meeting of TVO for 2011 took place in March following which the Board of Directors of TVO (each a "**Director**") were:

| <b>Name</b>     | <b>Position</b> | <b>Born</b> | <b>Qualifications</b>          | <b>Other positions held</b>                                |
|-----------------|-----------------|-------------|--------------------------------|--|
| Lauri Virkkunen | Chairman        | 1956        | M.Sc. (Econ.),<br>M.Sc. (Eng.) | President & CEO, Pohjolan Voima Oy                         |
| Matti Ruotsala  | Deputy Chairman | 1956        | M.Sc. (Eng.)                   | Executive Vice President, Fortum Oyj                       |
| Hannu Anttila   | Member          | 1955        | M.Sc. (Econ.)                  | Executive Vice President, Strategy, Metsäliitto Group      |
| Mikael Hannus   | Member          | 1968        | M.Sc.(Eng.)                    | Vice President, Biorefinery & Bioenergy, Stora Enso Oyj    |
| Harri Pynnä     | Member          | 1956        | Master of Laws                 | General Counsel, Fortum Oyj                                |
| Tapio Korpeinen | Member          | 1963        | M.Sc. (Eng.),<br>MBA           | CFO, UPM-Kymmene Oyj                                       |
| Seppo Ruohonen  | Member          | 1946        | M.Sc. (Eng.)                   | CEO, Helsingin Energia                                     |
| Tiina Tuomela   | Member          | 1966        | M.Sc. (Eng.),<br>MBA           | Vice President, Business Control, Fortum Power and Heat Oy |
| Jukka Hakkila   | Member          | 1960        | LL.M                           | Group General Counsel, Kemira Oyj                          |
| Rami Vuola      | Member          | 1968        | M.Sc. (Eng.)                   | President & CEO, EPV Energia Oy                            |

### **Board Committees**

TVO has set up an Audit and Finance Committee, an OL3 Committee, a Nuclear Safety Committee and a Nomination and Remuneration Committee, each assisting and reporting to the Board of Directors and consisting of at least three members of the Board. The Board of Directors chooses the members of the committees from among its members, appoints their chairman and approves their charter.

In addition to the duties laid down in their respective charter, each committee deals also with other matters, which are related to their respective fields and passed on to them by the Board of Directors, committee members, the President and CEO or other management.

The committees began operation on 1 October 2009.

The members of the Board Committees in 2011 are:

#### *Audit and Finance Committee*

|                      |          |
|----------------------|----------|
| <b>Hannu Anttila</b> | Chairman |
| <b>Jukka Hakkila</b> | Member   |
| <b>Tiina Tuomela</b> | Member   |

#### *OL3 Committee*

|                        |          |
|------------------------|----------|
| <b>Tapio Korpeinen</b> | Chairman |
|------------------------|----------|



|                        |        |
|------------------------|--------|
| <b>Mikael Hannus</b>   | Member |
| <b>Seppo Ruohonen</b>  | Member |
| <b>Matti Ruotsala</b>  | Member |
| <b>Lauri Virkkunen</b> | Member |

*Nuclear Safety Committee*

|                      |          |
|----------------------|----------|
| <b>Rami Vuola</b>    | Chairman |
| <b>Mikael Hannus</b> | Member   |
| <b>Harri Pynnä</b>   | Member   |

*Nomination and Remuneration Committee*

|                        |          |
|------------------------|----------|
| <b>Lauri Virkkunen</b> | Chairman |
| <b>Tapio Korpeinen</b> | Member   |
| <b>Matti Ruotsala</b>  | Member   |

**Steering Groups Assisting the Management**

The Board of Directors may set up steering groups to assist the management and to handle, without any authority or liability under Finnish company law, special issues related to their fields. Such committees or steering groups will consist of members and experts appointed by the Board of Directors.

The Board of Directors will also lay down regulations for the steering groups assisting the management.

**President and CEO**

The President and CEO deals with TVO's day-to-day management in accordance with the Finnish Companies Act and the instructions and orders issued by the Board of Directors and ensures that TVO's accounting practices comply with the law and that the financial administration and management are reliably organised. The President and CEO gives the Board and its members all the information necessary for the Board to perform its duties.

The President and CEO does not own any shares in the Issuer.

The President and CEO is Jarmo Tanhua (born 1965).

**Management Group**

The Management Group assists the President and CEO in the management of TVO's operations. The minutes of its meetings, together with the minutes of the meetings of the Executive Management Group, form the President and CEO's list of decisions. All members of the Executive Management Group report to the President and CEO. For specific issues, the President and CEO can invite other persons to attend meetings of the Management Group, if necessary.

The following members of the Management Group are appointed by the Board of Directors, with the exception of the personnel representatives who are elected by the employees:

|                      |  |
|----------------------|--|
| <b>Jarmo Tanhua</b>  | President and CEO, Chairman                            |
| <b>Risto Siilos</b>  | Senior Vice President, Corporate Resources, Deputy CEO |
| <b>Mikko Kosonen</b> | Senior Vice President, Production                      |
| <b>Esa Mannola</b>   | Senior Vice President, Nuclear Safety                  |

|                           |  |
|---------------------------|--|
| <b>Jouni Silvennoinen</b> | Senior Vice President, OL3 Project                         |
| <b>Klaus Luotonen</b>     | Senior Vice President, Finance                             |
| <b>Janne Mokka</b>        | Senior Vice President, Engineering                         |
| <b>Anna Lehtiranta</b>    | Senior Vice President, Corporate Relations, Secretary      |
| <b>Mikko Lemmetty</b>     | Personnel representative, Nuclear Safety Engineer          |
| <b>Kari Halminen</b>      | Personnel representative (First deputy), Facility Services |
| <b>Rainer Karlsson</b>    | Personnel representative (Second deputy), Foreman          |

The business address of the persons mentioned above is Olkiluoto, 27160 Eurajoki, Finland. To the best of TVO's knowledge, there are no conflicts of interest between any of the Directors' or the Management Group's duties to TVO and their private interests or duties.

### **Executive Management Group**

The Executive Management Group assists the President and CEO in the planning and management of TVO's operations, provides a communication forum for the management and helps to clarify decision-making responsibilities between the different parties. The Executive Management Group deals with matters specified in the Organisation Manual effective at the time. The Executive Management Group consists of the same persons as the Management Group (except for the personnel representatives) as well as the President and CEO of Posiva Oy.

The business address of the persons mentioned above, including the Board of Directors is Olkiluoto, 27160 Eurajoki, Finland. To the best of TVO's knowledge, there are no conflicts of interest between any of the Directors' or the Management Group's duties to TVO and their private interests or duties.

### **Auditors**

In accordance with its articles of association, TVO has two auditors, both of which have to be auditors or audit firms certified by the Finnish Central Chamber of Commerce. An auditor's term of office expires at the end of the Annual General Meeting following their election.

The auditors are responsible for auditing TVO's accounting records for the financial year, the annual financial statements, the report of the Board of Directors and administration. The auditor for the parent company must also audit the consolidated financial statements. The Board of Directors and the President and CEO are given a report on the audit of the consolidated accounts.

The 2011 Annual General Meeting elected Eero Suomela (Authorised Public Accountant), and PricewaterhouseCoopers Oy (Authorised Public Accountants) as the company auditors of TVO. Niina Wilske (Authorised Public Accountant) acts as the principal auditor of PricewaterhouseCoopers Oy.

### **Remuneration**

The Nomination and Remuneration Committee under the Board of Directors approves TVO's commitment and remuneration systems. All permanent and long-term temporary employees are included in the employee bonus system. Some of the personnel have deposited their bonuses in the Teollisuuden Voima Personnel Fund.

### **Insider Register**

As a bond issuer, TVO maintains an insider register on persons who work for the company on the basis of an employment contract or other contract and who, either regularly or irregularly, receive insider information directly or indirectly related to TVO. The insider register is maintained by the head of TVO's treasury unit.

## **Disclosure Policy for Investor Communications**

TVO has adopted a disclosure policy for investor communications. TVO has a duty to disclose information on a regular and continuous basis.

Stock exchange releases issued by TVO are approved by the President and CEO, the Chairman of the Board or an executive authorised by them.

## **Internal Control and Risk Management of the Financial Reporting Process**

The Board of Directors and the management are responsible for organising the internal control of TVO and for ensuring that it is adequate. The purpose of internal control is to ensure that TVO's operations are carried out on an efficient and cost-effective basis, that the information supplied is reliable and that all relevant regulations and operating principles are followed. Company documents and TVO's policies and operating guidelines provide a basis for TVO's corporate governance and internal control. The goal of internal control is to ensure with adequate certainty that:

1. TVO's operations are effective and in line with its strategy and mission
2. TVO's goals and objectives are achieved
3. TVO's financial and operational control and reporting are reliable and correct
4. TVO's operations are in accordance with the legislation.

TVO's internal control consists of:

- Financial control and reporting
- Risk management
- Internal Audit
- Auditing of the activity based management system

### *Financial Control and Reporting*

In order for internal control to work properly, the accounting and other systems in place must be reliable. Operative and financial reporting supported by IT systems enables efficient management and control of TVO's business operations. Open communication enables the efficiency of internal control.

The aim of TVO's strategic planning is to ensure that TVO's operations support implementation of TVO's vision, strategy and long-term planning and goals, and that the budgeting is consistent with the strategic plans.

The status of the annual goals is monitored through monthly reporting to the management.

Reliable financial reporting must be based on appropriate control of financial administration and accounting processes. Supervision of the financial reporting process is at the responsibility of the Audit and Finance Committee. TVO's finance function is in charge of the financial planning and reporting processes. The main processes of financial reporting have been described and their control activities defined. The finance function must inform the management of any deviations of the results from the plans and analyse the reasons for such deviations.

TVO Group follows the International Financial Reporting Standards (IFRS), while the parent company follows the Finnish Accounting Standards (FAS). The purpose of internal accounting is to produce financial information on the series of shares for the shareholders. The accounting system for the share series is based on the FAS, and the related accounting principles have been approved by the Board of Directors.

### *Internal Auditing*

The principles guiding TVO's internal auditing are set out in internal guidelines. The Internal Auditing reports to the President and CEO and supports the management in the development of good corporate governance, risk management and internal control systems as well as the efficacy and adequacy of the internal control systems.

Annual internal audits are based on audit plans approved by the Audit and Finance Committee for their part. They are carried out in coordination with the audits conducted by the auditors and the audits of the Quality and Environment function. A summary of the internal audit will be regularly reviewed in the Audit and Finance Committee and reported annually to the Board of Directors.

A separate report on each audit is submitted to the President and CEO immediately after they have been conducted. An annual summary lists the targets, dates and contents of the audit, any observations made and irregularities detected, and suggestions for further measures.

The observations and irregularities are reported to the Management Group or the Executive Management Group, who will then decide on the monitoring of the irregularities and appoint a responsible person to deal with each observation or irregularity.

### *Risk Management*

Risk management at TVO is based on the principle of comprehensive risk management and forms an important part of TVO's supervision and control system. The purpose of risk management is to support the achievement of goals, to prevent risks from materialising, and to reduce the probability of risks and their possible effects. Risk management is supervised by the Board of Directors, which endorses the principles on which it is based.

Risk management is the responsibility of TVO's Management Group, under which there is a risk management group that controls the coordination. The risk management group maintains and develops the risk management system, undertakes company risk surveys as often and as thoroughly as necessary, analyses risks, and monitors the necessary contingency measures, ensuring that their scope is adequate.

Each organisation unit is responsible for the practical implementation of risk management. Corporate security, risk management guidelines, reports and insurance are dealt with centrally.

At TVO, risk management is part of activity based management system that is in accordance with TVO's safety culture and a part of the daily operation. Threats to operations, different risk factors and procedures for preventing, managing and reducing risks, are constantly monitored. In risk identification processes the likelihood of various threats becoming a reality is assessed and separate contingency plans are drawn up for them on a case-by-case basis.

At TVO, strategic risks are classified as follows: power plants, safety and environment; new capacity; personnel and skills; cost-efficiency; nuclear waste management and the confidence of stakeholders. Risk assessments for annual targets are based on the targets of the organisational units for the following year.

TVO reduces risks connected with safety and production by keeping the plant units in good condition. The high-quality planning and implementation of annual outages is particularly important. TVO has also taken out nuclear and other property damage insurance policies to cover risks to property. Statutory liability insurance is valid for cases involving nuclear liability. There are no obstacles in sight for increasing the amount of security to the approximately EUR 700 million prescribed in the pending amendment of the Nuclear Liability Act. Fuel for TVO's production of electricity, uranium and coal is bought on the global market. Risks connected with the supply of nuclear fuel have been reduced by making purchases from a large number of suppliers and by concluding long-term contracts.

At OL3, risk management during the construction stage is primarily a question of overseeing the work of the plant contractor according to the terms of the turnkey contract. Property damage risks and possible delays caused by them are covered by insurance.

TVO's financing and financial risk management is dealt with centrally by TVO's financing unit in accordance with the financing policy adopted by the Board of Directors. The financing risks of TVO's business include liquidity, market and credit risks. By diversifying the sources of finance, and with long-

term credit commitments and liquid funds, financing risks are reduced. The financial position has been strengthened by issuing long term private placements and bonds. TVO has reduced market risks by making use of interest rate and currency derivatives. According to TVO's financing policy the loans denominated in foreign currencies will be hedged to EUR until the maturity date by using derivatives.

Identification of risks related to the financial reporting process is part of the risk management process. Certain control activities and control points have been defined for these risks.

Descriptions of the reporting process and the risk assessments attached to these descriptions are analysed every year.

#### *Auditing of the Activity Based Management System*

Internal audits consist of assessments of compliance with operating instructions with regard to records, measures and the continuity and efficiency of operations.

Any irregularities detected during internal audits are reported and dealt with individually through the Kelpo application and together twice a year at management reviews.

#### *Control Activities*

The purpose of control activities is to ensure that legislation, internal policies and TVO's ethical principles and values are complied with at all levels of the organisation. Appropriate control measures are defined for key business operations and reporting processes.

The efficiency of internal control is monitored both through routine tasks and through separate assessments such as internal audits, audits of financial statements and audits of quality issues, environmental issues and occupational safety.

Internal audits are carried out in accordance with a plan approved by the Board of Directors. The management ensures that the observations made and any irregularities detected by Internal Auditing are noted and remedied, where necessary. Instructions on financial reporting have been laid down in TVO's Administration Manual and Accounting Manual and provide the basis for financial reporting within the TVO Group. TVO's finance function is responsible for the accuracy and consistency of external and internal financial reporting and for compliance with the series of shares accounting principles as approved by the Board of Directors. The finance function is responsible for developing the reporting process, maintaining related instructions and determining the control activities and measures related to financial reporting processes<sup>4</sup>. Each control measure has a responsible person in charge of monthly, quarterly and annual reporting. Control measures include reconciliations, analytical review and approval procedures which are used to ensure the accuracy of financial reporting.

The annual financial statements are audited by the Auditors.

The accuracy and efficiency of internal control are assessed by the Audit and Finance Committee under the Board or Directors.

#### **Recent Developments**

At the Shareholders' General Meeting on 24 March 2010 the shareholders of TVO decided to issue shares in the TVO B series by issuing 75,187,257 new shares. The subscription price was paid in December 2010 and the increase in share capital was recorded in the trade register in December 2010.

At the Shareholders' General Meeting on 24 March 2011 the shareholders of TVO decided to issue shares in the TVO B series amounting to EUR 65.201.000,95 million, by issuing 61.815.681 new shares. The subscription price will be paid during 2011 at a time to be decided by the Board of Directors.

These capital increases are pursuant to the OL3 project financing plan, which requires additional equity investment as the project proceeds.

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<sup>4</sup> Issuer to confirm who this person is

On 17 March 2011 TVO signed a new revolving credit facility (the "Facility") of EUR 1,500 million. The Facility refinances TVO's formal revolving credit facility signed in June 2005 and has a maturity of five years including two one-year extension options. The Facility will be used for general corporate purposes and will serve as the core relationship facility for the future. The transaction was oversubscribed in syndication with a total of 15 banks, both Nordic and international, committing to the Facility.

### **Arbitration**

Under the turnkey Plant Contract for the OL3 project between TVO and the Supplier, the Supplier guaranteed a completion date of 30 April 2009. However, the Supplier has reported that the project will not be completed until August 2013, comprising a delay of 52 months.

The parties are in dispute about who is responsible for this delay and its financial consequences. In December 2008, TVO was informed by the International Chamber of Commerce (ICC) that the Supplier had filed a request for arbitration concerning the delay at OL3 and the ensuing costs incurred. The Supplier's monetary claim is currently approximately EUR 1,2 billion. The claim is primarily based on additional costs due to delays. The earlier claimed milestone payments pursuant to the OL3 Plant Contract have become due and have been paid. TVO considers the claim by the Supplier to be without merit.

In April 2009, TVO submitted to the ICC its answer and counterclaim as a result of the Supplier's request for arbitration filed with the ICC in December 2008 concerning the delay at OL3 and the ensuing costs incurred. TVO's counterclaim in money is currently approximately EUR 1.4 billion.

The claimed and counter-claimed amounts may change during the arbitration proceedings.

The arbitration proceedings may continue for several years.

TVO is also involved in another ICC arbitration proceeding with the Supplier relating to the costs of a technically resolved issue arising from construction works from an early phase of the OL3 project. The amount, in the context of the value of the project, is minor.

No assurance can be given that additional arbitration proceedings will not be raised in connection with the OL3-project.

No receivables or provisions have been booked as a result of the arbitration proceedings.

## TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Finland or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. The below is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### **The Republic of Finland**

The comments below are of a general nature based on the Issuer's understanding of current law and practice in Finland. They relate only to the position of persons who are the absolute beneficial owners of the Notes and who are not resident in Finland for tax purposes and who are not engaged in trade or business in Finland for tax purposes through a permanent establishment in Finland or otherwise. They may not apply to certain classes of person such as dealers. Prospective holders of the Notes are urged to consult their professional advisers as to the tax consequences of holding or transferring Notes. It should be noted that the tax laws of Finland may be amended with retrospective application.

#### *Taxation of payments in respect of the Notes*

Under present Finnish domestic tax law, payments in respect of the Notes will be exempt from all taxes, duties, fees and imposts of whatever nature, imposed or levied by or within the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein, except in the case of a holder of any Note or Coupon which is liable to such taxes, duties, fees and imposts in respect of such Note or Coupon by reason of such holder being connected with the Republic of Finland otherwise than solely by his holding of such Note or Coupon or the receipt of income therefrom.

#### *Finnish capital gains, transfer, gift and inheritance taxes*

The above holders of the Notes are not liable to pay Finnish capital gains tax on Notes nor is transfer tax in general payable on a transfer of Notes.

Transfers of Notes by a non-resident by way of a gift or by reason of the death of the owner may be subject to the Finnish gift or inheritance tax, respectively.

### **European Union Savings Directive**

Under the EU Savings Directive on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a paying agent in the meaning of the EU Savings Directive within its jurisdiction to, or collected by such a paying agent for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent., unless in the case of Luxembourg the beneficial owner of the interest payments opts for one of the two information exchange procedures available. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

## Luxembourg Taxation

*The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. The below is based upon the law as in effect on the date of this Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.*

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg laws of 21 June 2005 implementing the European Union Savings Directive and several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (20 per cent. from 1 July 2008 to 30 June 2011 and 35 per cent. from 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see, paragraph "EU Savings Tax Directive" above) or agreements;
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent. withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive). This law applies to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. tax on interest payments made by paying agents located in a European Union member state other than Luxembourg, a member state of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive on the taxation of savings income.

The 10 per cent. withholding tax as described above or the 10 per cent. tax are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.



## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, BNP Paribas, Cr dit Agricole CIB, Danske Bank A/S, Deutsche Bank AG, London Branch, Mitsubishi UFJ Securities International plc, Nordea Bank Danmark A/S, Pohjola Bank plc, Skandinaviska Enskilda Banken AB and The Royal Bank of Scotland plc (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an Amended and Restated Dealer Agreement dated 10 June 2011 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Approved prospectus:* if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent

authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer.;

- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented, warranted and agreed that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **General**

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 28 May 2009. The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 20 May 2011. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal and Arbitration Proceedings

2. Save as disclosed in the Base Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

### Significant/Material Change

3. Since 31 December 2010 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries nor any significant change in the financial or trading position of the Issuer or the Issuer and its Subsidiaries.

### Auditors

4. The consolidated financial statements of the Issuer have been audited without qualification for the years ended 2010 and 2009 by Eero Suomela, Authorised Public Accountant and PricewaterhouseCoopers Oy, Authorised Public Accountants, members of the Finnish Institute of Authorised Public Accountants, PO Box 1015 (Itämerentori 2) Helsinki FI-00101 Finland

### Documents on Display

5. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the registered office of the Issuer at Olkiluoto, 27160 Eurajoki, Finland and the Fiscal Agent at Deutsche Bank AG, London Branch, 1 Great Winchester Street, EC2N 2DB, London, United Kingdom for 12 months from the date of this Base Prospectus:
  - (a) the extract from the trade register of the Finnish National Board of Patents and Registration and articles of association of the Issuer approved 27 December 2010;
  - (b) the audited consolidated financial statements of the Issuer for the years ended 2010 and 2009;
  - (c) the Agency Agreement;
  - (d) the Deed of Covenant;
  - (e) the Programme Manual (which contains the forms of the Notes in global and definitive form);
  - (f) the Issuer-ICSDs Agreement; and
  - (g) any VPS Trustee Agreement, if signed during the twelve months from the date of this Base Prospectus.

### Material Contracts

6. There are no contracts having been entered into outside the ordinary course of any of the Issuer's or a member of the Group's businesses, which are, or may be, material and contain provisions under which the Issuer or any member of the Group has an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes.

### **Clearing of the Notes**

7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and/or the VPS. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

**REGISTERED OFFICE OF THE ISSUER**

**TEOLLISUUDEN VOIMA OYJ**

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Finland

**ARRANGER & DEALER**

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**FISCAL AGENT**

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