



Annual Review 2009



Teollisuuden Voima Oyj

Wellbeing with nuclear electricity

Building for the Future

Annual Review 2009

Teollisuuden Voima Oyj

Corporate Governance Statement 2009, Summary	3
General	3
Shareholders' Meeting	3
Board of Directors	3
Board Committees	4
President and CEO	4
Management Group	4
Executive Management Group	4
Auditors	5
Internal Control and Risk Management of the Financial Reporting Process	5
Board of Directors in 2009	8
Management Group in 2009	10
Basic Organization	11
Report of the Board of Directors 2009	13
Operating Environment	13
Main Events	13
Financial Performance of the Group	14
Group's Financing and Liquidity	14
Share Capital and Share Issues	15
Corporate Governance	15
Administrative Bodies	15
Regulatory Environment	15
Risk Management, Major Risks and Uncertainties	16
Pending Court Cases and Disputes	17
Nuclear Power	17
<i>Olkiluoto 1 and Olkiluoto 2</i>	17
<i>Annual Outages</i>	17
<i>Olkiluoto 3</i>	17
<i>Olkiluoto 4 Project</i>	18
<i>Nuclear Fuel</i>	18
<i>Nuclear Waste Management</i>	18
Coal Power	19
<i>Meri-Pori</i>	19
Research and Development	19
Acquisitions of Tangible and Intangible Assets and Shares	19
Safety and Environmental Issues	19
Personnel and Training	20
Subsidiaries and Joint Ventures	20
Major Events after the End of the Year	20
Prospects for the Future	20
Proposals to the Annual General Meeting	21
Key Figures	22
Financial Statement 2009, Summary	24
TVO Group Financial Statement	25
Parent Company's Financial Statement	29
Proposals to the Annual General Meeting	32
Signatures for the Report of the Board of Directors and Financial Statements	33
Auditor's Report	34
Financial Publications	36
Contact Information	Back cover



Corporate Governance Statement 2009, Summary

General

In accordance with the Company's Articles of Association, Teollisuuden Voima Oyj (TVO) engages in construction and acquisition of power plants and power transmission equipment and generation, transmission and delivery of electricity to the shareholders under the terms and conditions laid down in the Articles of Association.

Under the 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.

Because TVO is a non-listed public company applying the Mankala principle, it observes the Corporate Governance Code for listed companies where applicable.¹⁾ 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, the issuer of a security subject to public trading must provide a cor-

porate governance statement in its annual report or separately.

Shareholders' Meeting

The Shareholders' Meeting is the highest decision-making body in the Company. 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 Meeting in 2009

TVO's Annual General Meeting was held on 30 March 2009. The meeting adopted the Company's Financial Statements for 2008, discharged the members of the Board and President and CEO from liability and elected members of the Board.

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. 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 the Articles of Association, a shareholder who owns more than 20 per cent and less than 50 per cent of all the Company'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 doing so, by the Deputy Chairman. More than half of the members of the Board present at a meeting constitute a quorum.

The Board's responsibilities and authority cover all matters related to the Company's administration that, according to legislation or the Arti-

1) A new Corporate Governance Code was issued on 20 October 2008, replacing the Corporate Governance Recommendation for Listed Companies issued in December 2003. The new Code has been prepared in accordance with the so-called Comply or 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 Finnish Corporate Governance Code came into effect on 1 January 2009 and is available at www.cgfinland.fi

cles of Association, are not handled by the Shareholders' Meeting.

The Board of Directors is responsible for the administration and proper organization of the operations of the Company and for appropriate arrangement of the control of the Company's accounts and financials, and:

- appoints the President and CEO
- appoints other management of the Company
- ensures that the management system functions properly
- approves the Company's strategic goals and operating guidelines
- confirms the annual action plan and the budget and supervises their implementation
- approves the principles applied to risk management
- approves the annual schedule for Internal Audit
- adopts the Report of the Board of Directors and the annual Financial Statements
- adopts interim reports
- decides on major matters related to financing and collateral
- approves major investments
- summons the Annual General Meeting
- decides on informing the shareholders
- decides on the principles of the remuneration and commitment system
- approves the charters of the committees and the regulations for the committees and steering groups assisting the management
- deals with other matters on the agenda that are submitted by the Chairman or Deputy Chairman

or a member of the Board or the President and CEO

- compiles an annual assessment of its own performance.

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

Board Committees

To ensure that the issues at the responsibility of the Board of Directors are handled as efficiently as possible, the Company 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 chairmen 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.

President and CEO

The President and CEO deals with the Company'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 the Company's accounting practices comply with the law and that the financial administration and management is 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 is Jarmo Tanhua (born 1965).

The President and CEO does not own any shares of the company.

Management Group

The Management Group assists the President and CEO in the management of the Company'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. The members of the Management Group, who all report to the President and CEO, are appointed by the Board of Directors.

The Management Group deals with matters related to the Senior Vice Presidents' areas of responsibility to a necessary extent to ensure fluent communication between the President and CEO and the Senior Vice Presidents and between the Senior Vice Presidents themselves. The Management Group also deals with essential matters related to the Company's operations and requiring a decision of the President and CEO.

Executive Management Group

The Executive Management Group assists the President and CEO in

the planning and management of the Company'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 consists of the same persons as the Management Group (except for the personnel representatives) and in addition the President and CEO of Posiva Oy.

Auditors

In accordance with the Articles of Association, the Company has two Auditors, both of which have to be auditors or audit firms certified by the Central Chamber of Commerce. An Auditor's term of office ends at the end of the Annual General Meeting following their election.

The Annual General Meeting held on 30 March 2009 elected Eero Suomela, Authorised Public Accountant, and PricewaterhouseCoopers Oy, Authorised Public Accountants as company auditors, with Niina Vilske, Authorised Public Accountant, acting as the principal auditor.

Internal Control and Risk Management of the Financial Reporting Process

The Board of Directors and management are responsible for organising the Company's internal control 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 the Company'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. The Company's operations are effective and in line with its strategy and mission
2. The Company's goals and objectives are achieved
3. The Company's financial and operational control and reporting is reliable and correct
4. The Company'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 enable efficient management and control of the Company's business operations. Open communication enables the efficiency of internal control.

The aim of TVO's strategic planning is to ensure that the Company's operations support implementation

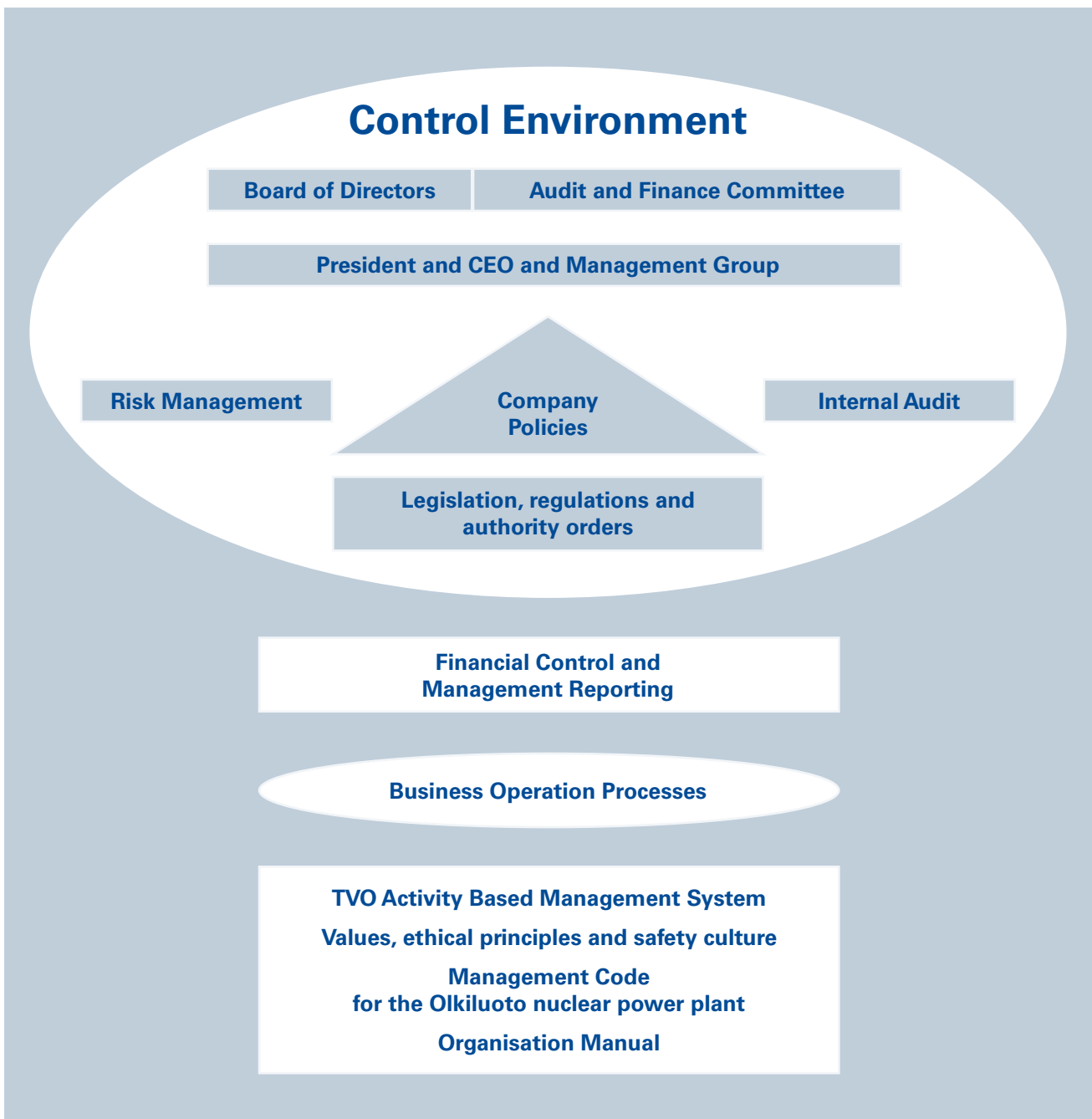
of the Company's vision, strategy and long-term planning and goals, and that the budgeting is consistent with the strategic plans.

The status of the annual goals is monitored through monthly reporting to the management. The performance management measures related to the management and control of the operations, measures of the main processes and the status of the Company's primary areas of focus are monitored in accordance with approved schedules.

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.

The 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 Finnish accounting practice, and the related accounting principles have been approved by the Board of Directors.

TVO's Internal Control



Risk Management

Risk management at TVO is based on the principle of comprehensive risk management and forms an important part of the Company's supervision and control system. The purpose of risk management is to support the achievement of TVO's goals, to prevent risks from materialising, and to reduce the probability of risks and their possible effects. The overall process of risk management is described in more detail in the Report of the Board of Directors.

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.

Internal Auditing

The principles guiding TVO's internal auditing are set out in the Company 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 their efficacy and adequacy.

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.

The President and CEO is submitted a separate report on each audit immediately after they have been conducted. An annual summary lists the targets, dates and contents of the audits, 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.

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.

Activities

The purpose of control activities is to ensure that legislation, internal policies and the Company's ethical principles and values are complied with at all levels of the organization. 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 the Company's Administration Manual and Accounting Manual and provide the basis for financial reporting within the Group. TVO's finance function is responsible for the correctness 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. Each control measure has a responsible person and they are part of monthly, quarterly and annual reporting. Control measures include reconciliations, analytical review and approval procedures which are used to ensure the correctness of financial reporting.

The annual financial statements are audited by the Auditors.

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

Board of Directors of Teollisuuden Voima Oyj in 2009

From the left:

***Matti Ruotsala
Juha Laaksonen
Mikael Hannus
Tapio Korpeinen
Rami Vuola
Timo Rajala
Hannu Anttila
Tapio Kuula
Jukka Hakkila
Seppo Ruohonen***



Timo Kyösti Rajala

Year of birth: 1947

Education: M.Sc. (Eng.)

Main occupation: President and CEO, Pohjolan Voima Oy

Primary work experience: In the present position since 1992.

Director and manager positions in Ekono Oy, Teollisuuden Voima Oy, Pohjolan Voima Oy and Teollisuuden Voimansiirto Oy.

Member of the Board since: 1992, Chairman or Deputy Chairman, in rotation.

Key positions of trust: Chairman or Member of the Board of several PVO Group companies, Chairman or Member of the Board of Oy Alholmens Kraft Ab, Member of the Board of Savon Voima Oyj, Deputy Chairman of the Board of Fingrid Oyj.

Tapio Teuvo Kuula

Year of birth: 1957

Education: M.Sc. (Electrical Engineering), M.Sc. (Econ.)

Main occupation: President and CEO, Fortum Corporation

Primary work experience: In the present position since 2009.

President, Fortum Power and Heat Oy 2000–2009, director positions in Fortum Oy, Imatran Voima Oy and Länsivoima Oy.

Member of the Board since: 2002, Chairman or Vice Chairman, in rotation.

Key positions of trust: Chairman, Vice Chairman or Member of the Board of several Fortum Corporation companies, Member of the Supervisory Board, Varma Mutual Pension Insurance Company.

Hannu Ilmari Anttila

Year of birth: 1955

Education: M.Sc. (Econ.)

Main occupation: Executive Vice President, Strategy, Metsäliitto Group

Primary work experience: In the present position since 2006.

President and CEO and director positions in M-Real Corporation, Metsä Tissue Corporation and Oy Metsä-Botnia Ab.

Member of the Board since: 2007.

Key positions of trust: Chairman of the Board, Metsä Group Financial Services Oy, Member of the Board of Metsä Tissue Corporation, Oy Metsä-Botnia Ab and Pohjolan Voima Oy, Chairman of the Board of Pohjolan Voima Oy.

Jukka Eljas Hakkila

Year of birth: 1960

Education: LL.M.

Main occupation: Executive Vice President, Group General Counsel, Kemira Oyj

Primary work experience: In the present position since 2005.

Director and manager positions in Elcoteq Network Corporation, Finnish Export Credit Ltd. and Sampo Bank in New York.

Member of the Board since: 2009.

Key positions of trust: Chairman of the Board, Spruce Vakuutus Oy.

Mikael Karl Johan Hannus

Year of birth: 1968

Education: M.Sc. (Eng.), eMBA

Main occupation: Vice President, Biorefinery & Bioenergy, Stora Enso Oyj

Primary work experience: In the present position since 2009.

Vice President, Energy, Stora Enso Oyj, 2002–2009.

Member of the Board since: 2008.

Key positions of trust: Chairman of the Board of Enso Alueverkko Oy, Deputy Member of the Board of Pohjolan Voima Oy.

Tapio Juhani Korpeinen

Year of birth: 1963

Education: M.Sc. (Tech.), MBA

Main occupation: President, Energy and Pulp Business Group, UPM-Kymmene Corporation

Primary work experience: In the present position since 2008.

Strategy and corporate arrangement tasks in UPM-Kymmene Corporation since 2005, Management consulting, Jaakko Pöyry Oy.

Member of the Board since: 2008.

Key positions of trust: Chairman of the Board of Pohjolan Voima Oy, Deputy Chairman of the Board of Kemijoki Oyj.

Juha Olavi Laaksonen

Year of birth: 1952

Education: B.Sc. (Econ.)

Main occupation: CFO, Fortum Corporation

Primary work experience: In the present position since 2000.

Director and manager positions in Fortum Corporation and Neste Oyj.

Member of the Board since: 2003.

Key positions of trust: Chairman or Member of the Board of several Fortum Corporation companies, Member of the Board of Kemira Oyj, Member of the Supervisory Board of Kemijoki Oy, Chairman of the Board of Sato Oyj.

Seppo Erik Ruohonen

Year of birth: 1946

Education: M.Sc. (Electrical Engineering)

Main occupation: CEO, Helsingin Energia

Primary work experience: In the present position since 2000.

Managing director and director positions in Fingrid Oyj, Fingrid Verkko Oy and Teollisuuden Voimansiirto Oy.

Member of the Board since: 2001

Key positions of trust: Member of the Board of several associated companies of Helsingin Energia.

Veli Matti Ruotsala

Year of birth: 1956

Education: M.Sc. (Eng.)

Main occupation: Executive President, Power Division, Fortum Corporation

Primary work experience: In the present position since 2009.

President of Generation, Fortum Power and Heat Oy since 2007, Managing director, director and manager positions in Oy Valtra Ab, AGCO Corporation and Konecranes Oy.

Member of the Board since: 2008

Key positions of trust: Chairman of the Board of Kemijoki Oy and PKC Group Oyj, Member of the Board of OKG Aktiebolag, Forsmarks Kraftgrupp AB, Oy Halton Group Ltd and Larox Oyj.

Rami Antero Vuola

Year of birth: 1968

Education: M.Sc. (Eng.)

Main occupation: President and CEO, EPV Energia Oy

Primary work experience: In the present position since 2003.

Director and manager positions in TXU Nordic Energy Oy, Fingrid System Oy and Suomen Kantaverkko Oyj.

Member of the Board since: 2003.

Key positions of trust: Chairman or Deputy Chairman of the Board of several EPV Corporation companies, Member of the Board of Pohjolan Voima Oy and Vaskiluodon Voima Oy.

Management Group of Teollisuuden Voima Oyj in 2009

Chairman: **Jarmo Kalevi Tanhua**
Year of birth: 1965
Education: M.Sc. (Eng.)
Main occupation: President and CEO, Teollisuuden Voima Oyj
Primary work experience: Director and manager positions and project tasks in Teollisuuden Voima Oy since 1990
President and CEO since: 1 July 2008
Key positions of trust: Chairman of the Board of Posiva Oy

From the left: **Janne Mokka**, Senior Vice President, Engineering
Jarmo Tanhua, President and CEO
Esa Mannola, Senior Vice President, Nuclear Safety
Risto Siilos, Senior Vice President, Corporate Resources, Deputy CEO
Mikko Kosonen, Senior Vice President, Production
Anna Lehtiranta, Senior Vice President, Corporate Relations
Ari Anttila, personnel representative, Information Officer
Jouni Silvennoinen, Senior Vice President, OL3 Project

Missing: **Kari Halminen**, personnel representative, Facility Services
Rainer Karlsson, personnel representative, Foreman
Klaus Luotonen, Senior Vice President, Finance

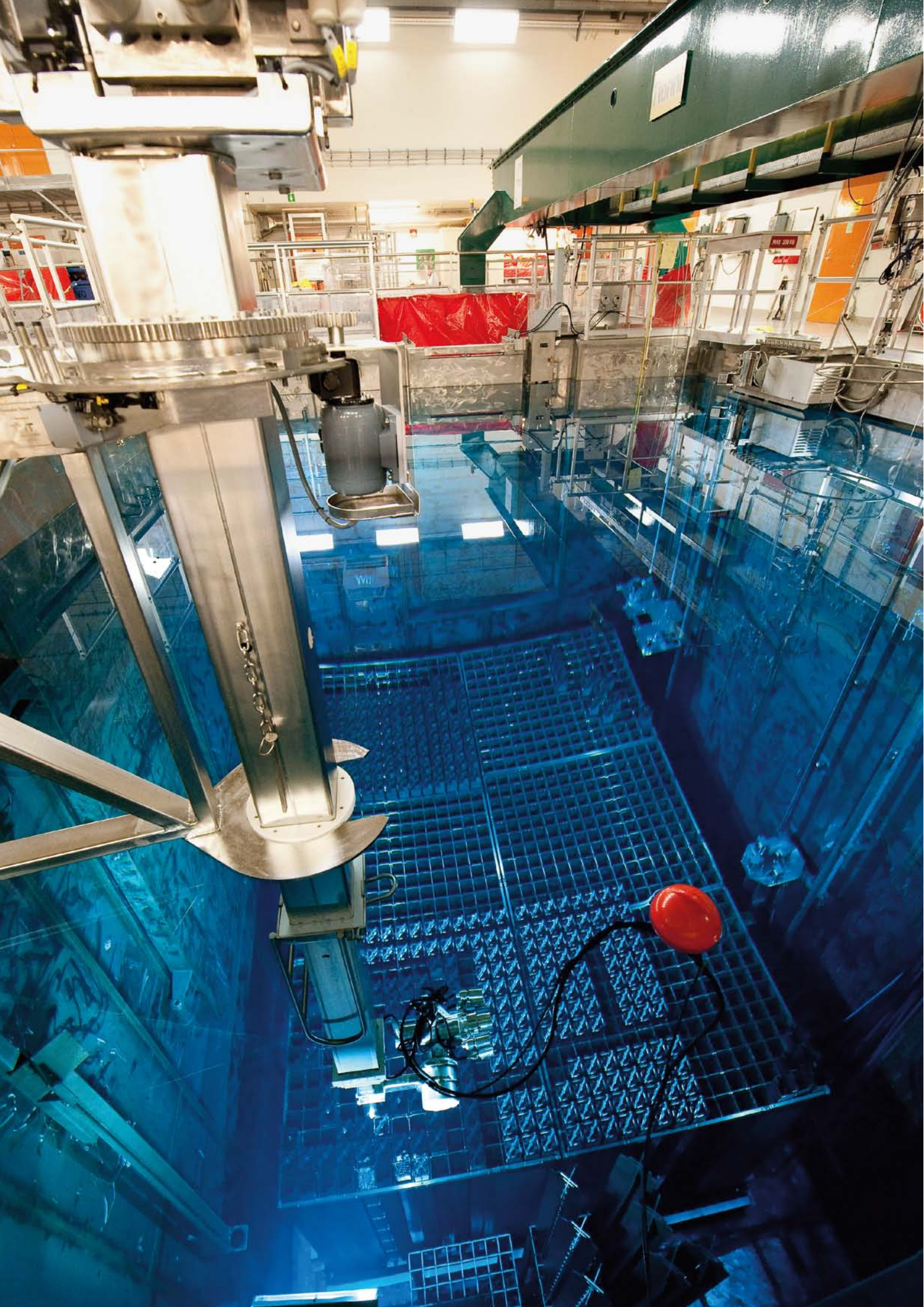


Basic Organization of Teollisuuden Voima Oyj

1 October 2009

President and CEO
Jarmo Tanhua

OL4	Production	OL3-project	Corporate Advisers	Posiva
Olli-Pekka Luhta	Mikko Kosonen	Jouni Silvennoinen	Anneli Nikula Veijo Ryhänen	CEO Reijo Sundell EVP Timo Äikäs
Nuclear Safety			Esa Mannola	
Engineering			Janne Mokka	
Corporate Resources			Risto Siilos	
Finance			Klaus Luotonen	
Corporate Relations			Anna Lehtiranta	



Report of the Board of Directors 2009

Operating Environment

One third of the electricity consumed in the European Union is generated by about 150 reactors at nuclear power plants in 15 member states. Most of these plants were built in the 1970s and 1980s. In recent years, there has been a renewed interest in building nuclear power plants, also in those countries which have so far not used nuclear power. There are 16 new nuclear power plant projects planned in Europe and more than 16 are being considered. Research into extending the lives of existing plants is also being conducted everywhere.

At the end of 2009, there were 436 nuclear power plant units in 30 countries all over the world, generating about 16 per cent of the global need for electricity. More than 50 new reactors are currently being built. Over the next few years, new nuclear power plant projects are likely to be launched in Asia in particular (China, India, Japan, South Korea) and in the United States as well as in Europe. Global nuclear power plant capacity is expected to grow from today's slightly less than 400 GW to about 500 GW by the year 2030.

In June 2009, the Finnish Parliament approved a Government report as Finland's long-term climate and energy strategy. According to the report, Finland's need for electricity will continue to grow after the current recession. We will need new capacity to replace imported electricity, to reduce carbon diox-

ide emissions and to prepare for the projected increase in consumption. According to the strategy, Finland's energy supply should primarily be based on national capacity and cover peak consumption and any disruptions in imported supply. Building new national capacity should give priority to emission-free and low-emission power plants. The option of construction of more nuclear energy has also been taken into account in political decision-making.

In 2009, total consumption of electricity in Finland was 80.8 TWh, which was 6.5 TWh (7.4%) less than in 2008. This was a second year of decrease in electricity consumption. The reason for the decline was the economic recession, which reduced electricity consumption especially in industry. Towards the end of the year, industrial production began to pick up, which also increased industry's demand for electricity. Forest industry held its place as the largest industry using electricity with its consumption of 19.7 TWh.

In 2009, co-generation of electricity and heat accounted for nearly 30 per cent, nuclear power for 27.9 per cent, hydropower for 15.6 per cent and coal-fired and other condensation power for 11.3 per cent of the electricity used. Net import of electricity covered 15.0 per cent of the electricity consumption, which was over 5 per cent less than in the previous year. Wind power accounted for 0.3 per cent.

Main Events

TVO celebrated its fortieth anniversary on 23 January 2009. The company was originally founded to generate low-priced electricity for industry; later decades saw TVO develop into a leading provider of electricity for the whole Finland. The Olkiluoto 3 project brought along an expansion of the ownership base; today, more than fifty Finnish energy companies are involved in the project. In 2009, the two Olkiluoto units produced around 18 per cent of the electricity used in Finland.

In 2009, the Olkiluoto nuclear power plant achieved the highest production output in its operating history. The combined output of the OL1 and OL2 power plant units was 14.5 TWh (14.5 billion kilowatt-hours). Combined further with TVO's share in the Meri-Pori coal-fired power plant, the output was 15.3 TWh.

In May, the Association for Finnish Work awarded the Key Flag, a symbol of Finnish know-how, to electricity generated by TVO's Olkiluoto nuclear power plant. As a symbol of Finnish manufacture, the Key Flag was a recognition of TVO's hard work and solid expertise.

The new outage building, the construction of which had begun in spring 2008, was completed and taken into use in May.

In June, TVO established a 2 billion Euro Medium Term Note Programme (EMTN) listed on the Luxembourg Stock Exchange. The Company issued a EUR 750 mil-

lion seven-year bond under the programme. The proceeds from the offering will be used for general corporate purposes.

Construction of the Olkiluoto 3 plant unit continued, as did equipment and component deliveries to Olkiluoto. The reactor pressure vessel, the four steam generators and the pressurizer for the nuclear island arrived at Olkiluoto, and the manufacture of the main coolant pipes in France continued. In September, the dome part, which forms the "roof" of the steel liner, was placed on top of the reactor building. The topping-out of OL3 was celebrated on 11 November 2009. At best, the workers on the site in 2009 numbered about 4,300; and as before, occupational safety remained at a high level. At the turbine island, installation progressed to the final stages.

Based on the progress reports submitted by the plant supplier, TVO has estimated that the start-up of the unit may be postponed beyond June 2012, which is the current schedule informed by the Supplier. TVO commissioned the plant unit on a fixed price turnkey delivery contract, with the Supplier responsible for the time schedule.

TVO's application for the decision in principle regarding Olkiluoto 4 project is, according to TVO's opinion, completely ready for decision. The Ministry of Employment and the Economy has received all the statements required for handling the application and the responses thereto submitted by TVO. The fa-

vourable statement issued by the municipality of Eurajoki is legally valid. Also Posiva Oy's application for a decision in principle regarding extension of its spent fuel repository for OL4 is, according to TVO's opinion, ready for decision.

Annual outages at OL1 and OL2 were carried out according to plan between 3 and 30 May 2009.

During the year under review, 31 permanent employees were recruited (2008: 70). 23 (37) permanent employees left the company, of whom 13 (12) retired.

Financial Performance of the Group

TVO operates on the cost-price principle. The shareholders are annually charged incurred costs in the price of electricity and thus in principle the profit/loss for the financial year is zero. The shareholders pay variable costs based on the volumes of energy supplied and fixed costs in proportion to their ownership, regardless of whether they have made any use of their share of the output or not. Because of the Company's operating principle, key indicators based on financial performance will not be presented.

The consolidated turnover for the period under review was EUR 305.4 (257.3) million. The amount of electricity delivered to shareholders was 15,230 (15,144) GWh.

The Group made a loss of EUR 41.4 (53.1) million. The adjusted consolidated loss was EUR 24.4 (46.8) million (see Key Figures). The

increase in revenue (EUR 50.8 million) was mainly due to the increase in charges, by which the expenses were covered.

Group's Financing and Liquidity

The Group's financial situation has developed as planned.

The Company's interest-bearing liabilities (non-current and current) totalled EUR 2,586.6 (1,959.5) million at the end of the year excluding the loan from the Finnish State Nuclear Waste Management Fund, relented to shareholders. During 2009, TVO raised a total of EUR 1,276.3 (800.7) million in non-current liabilities, while repayments amounted to EUR 621.0 (67.0) million. The loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 55.1 (47.7) million. The OL3 project's share of financing costs has been capitalised in the balance sheet.

TVO uses its right to borrow funds back from the Finnish State Nuclear Waste Management Fund within the framework of legal regulations. The amount of the loan is EUR 750.9 (695.8) million and it is included in interest-bearing liabilities.

In June, TVO established a 2 billion Euro Medium Term Note Programme (EMTN), which is listed on the Luxembourg Stock Exchange. The Company issued a EUR 750 million seven-year bond under the programme. The bond carries an annual coupon of 6%. Both the bond and

the programme are rated A- (stable outlook) by Fitch Ratings (Fitch). The proceeds of the offering will be used for general corporate purposes. In addition, the company issued a NOK 550 million, SEK 650 million and another SEK 600 million private placement under the EMTN Programme.

Both the Japan Credit Rating Agency (JCR) and Fitch confirmed their credit ratings for TVO at their previous levels. The JCR rating was confirmed at AA Flat in January and the Fitch long-term credit rating at A- and short-term credit rating at F2 in June. The outlook was assessed as being stable.

The Annual General Meeting on 30 March 2009 decided to raise the company share capital by EUR 100.0 million and the subscription price was paid in November.

On 30 March 2009, TVO's B series shareholders committed to provide a EUR 300.0 million subordinated shareholder's loan to TVO. The loan has not been drawn.

Share Capital and Share Issues

TVO's share capital on 31 December 2009, was EUR 461.7 (361.7) million.

The Company has 1,257,280,792 (1,162,467,100) shares, of which 680,000,000 are in the A series. These entitle holders to electricity generated at the OL1 and OL2 units. The C series consists of 34,283,730 shares, which grant entitlement to electricity generated by TVO's share of the Meri-Pori coal-fired power

plant. In addition, the Company may have a maximum of 680,000,000 B-series shares granting entitlement to electricity generated at OL3.

An extraordinary Shareholders' Meeting on 30 March 2009 decided to issue shares in the B series amounting to EUR 100 million, by issuing 94,813,692 new shares. The subscription price was paid in November and the increase in share capital was recorded in the trade register in December. Following this, the total number of B series shares is 542,997,062 (448,183,370).

The increase in share capital was based on the OL3 unit's financing plan, which states that equity required by investment accrues as the project proceeds.

Corporate Governance

Because TVO is a non-listed public company applying the Mankala principle (cost-price principle), it observes the Corporate Governance Code for listed companies where applicable. 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 Market Act, the issuer of a security subject to public trading must provide a Corporate Governance Statement in its Annual Report or separately. TVO has published a separate Corporate Governance Statement on its www-pages.

Administrative Bodies

TVO's administrative bodies and their functions in 2009 have been described in a separate Corporate Governance Statement to be found on the Company's www-pages.

Regulatory Environment

One fundamental principle behind the legislation on nuclear energy is that its exploitation must be in the overall good of the society as a whole. The main rules on the use of nuclear energy, monitoring that use and nuclear safety, are contained in the Finnish Nuclear Energy Act and the Nuclear Energy Decree as well as lower level statutes 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. In addition the Nuclear Liability Act concerns the liability the operator in charge of a nuclear plant has in the event of a nuclear accident.

The use of nuclear energy is subject to licence. Applications are made to the Government for decision in principle, construction licence and operating licence. 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.

Risk Management, Major Risks and Uncertainties

Risk Management

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 of the Company, which endorses the principles on which it is based.

Risk management is the responsibility of the Company'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 action plans, ensuring that their scope is adequate.

The organisation units are 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 the Company's safety culture and a part of the daily operation. Threats to the operation, different risk factors and procedures for preventing, managing and reducing them, are constantly monitored. In risk identification processes, the likelihood of various threats becoming a reality is assessed and separate action 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, cost-efficiency, nuclear waste management and the confidence of stakeholders. Risk assessments for annual targets are based on the organisation units' targets 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 the annual outages is particularly important. The Company has also taken out nuclear and other property damage insurance policies to limit risks to property. Statutory liability insurances are valid for cases involving nuclear liability. For the Group's production of electricity, uranium and coal, as fuel, are bought on the global market. Risks connected with 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 insurances.

TVO's financing and financial risk management is dealt with centrally by the company's financing unit, in accordance with the financing policy adopted by the Board of

Directors. The financing risks of TVO's business include liquidity, and market and credit risks. By diversifying sources of finance, and with long-term credit commitments and liquid funds, financing risks can be reduced. TVO has reduced market risks by making use of interest rate and currency derivatives. According to Company's financing policy the loans denominated in foreign currency will be hedged to EUR until the maturity date by using derivatives. Financial risk management and fuel price risks are dealt with in the notes to the consolidated financial statements, note 29, (Financial Risk Management).

Major Risks and Uncertainties

TVO's major risks are related to the delay of OL3 project. Based on the progress reports submitted by the Supplier, TVO has estimated that the start-up of the unit may be postponed beyond June 2012, which is the current schedule informed by the Supplier. This causes additional costs and losses, for which the Company has claimed compensation from the turnkey supplier of the OL3 plant.

The instability of financial markets has increased margins for corporate loans and this will have a knock-on effect on TVO's new loans.

A large-scale annual outage at OL1 in 2010 will include replacements of the low-pressure turbines and the generator, the internal isolation valves of the main steam lines and the seawater pumps of the condenser. These replacements involve

risks related to the schedule and technical solutions.

There are no major risks or uncertainties concerning electricity production at OL1, OL2 or the Meri-Pori coal-fired power plant.

Pending Court Cases and Disputes

In December 2008, TVO was informed by the International Chamber of Commerce (ICC) that the AREVA-Siemens Consortium (the Supplier) had filed a request for arbitration concerning the delay at OL3 and the ensuing costs incurred. The Supplier's monetary claim is approximately EUR 1 billion. About one half of the claimed amount relates to alleged additional cost on account of the delay. The remainder relates to milestone payments pursuant to the OL3 Plant Contract that in TVO's opinion had not yet become payable. TVO has considered and found the claim by the Supplier to be without merit.

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

TVO is also involved in another ICC arbitration proceeding under the ICC rules concerning the costs of a technically resolved issue in connection with the construction work at OL3. The amount is minor in the context of the value of the project.

Arbitration proceedings may continue for several years.

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

Nuclear Power

Olkiluoto 1 and Olkiluoto 2

In 2009, the Olkiluoto nuclear power plant achieved the highest production output in its operating history. The electricity production of OL1 and OL2 in 2009 was 14,452 (14,380) GWh. The total capacity factor was 96.0 (95.3)%.

The plant units operated safely and reliably during the period under review. OL1's net production was 7,296 (7,066) GWh and the capacity factor 97.0 (93.7)%. OL2's net production was 7,156 (7,314) GWh and the capacity factor 95.1 (96.9)%.

Annual Outages

The 2009 annual outages of the Olkiluoto nuclear power plant were completed on 30 May. The inspections proved the both power plant units to be in safe and reliable condition for the next operation cycle.

The short refuelling outage for OL1 lasted about eight days. Other works included, in addition to refuelling, maintenance of one of the recirculation pumps and inspections of the reactor internals and one low-pressure turbine.

The service outage at OL2 lasted about sixteen and a half days. In addition to refuelling, other major works included e.g. replacement of a cooling system valve of the shut-

down reactor and inspections of two low-pressure turbines.

A new outage building was taken into use.

Besides TVO's own personnel there was a peak of about 800 external outage workers.

Olkiluoto 3

The nuclear power plant unit Olkiluoto 3 (OL3), currently under construction, was commissioned as a turnkey project from the Consortium (referred to as the Supplier) formed by AREVA NP GmbH, AREVA NP SAS and Siemens AG. Originally commercial electricity production was informed to start at the end of April 2009. Based on the progress reports submitted by the Supplier, TVO has estimated that the start-up of the unit may be postponed beyond June 2012, which is the current schedule informed by the Supplier. TVO commissioned the plant unit on a fixed price turnkey delivery contract, with the Supplier responsible for the time schedule.

The design of OL3 continued, as did also the regulatory review of documents, the construction work and the manufacturing and installation of equipment. The dome part, or the roof, of the steel liner that ensures the gas-tightness of the containment building was lifted into place. Equipment and component deliveries to Olkiluoto continued. The main equipment of the nuclear island (reactor pressure vessel, pressurizer, and four steam generators), for example, were delivered to

Olkiluoto. The manufacture of the reactor coolant pipes continued in France.

Installations reached their final stage in the turbine island.

The arbitration proceedings initiated in 2008 concerning the delay of the plant unit and the costs resulting from the delay as well as the cost of a technically resolved issue connected with construction work continued. The arbitration proceedings may continue for several years.

The workforce at the site by the end of the year was about 4,000. The safety level at the site remained good.

All the realised costs of the OL3 project that can be recognized in the cost of the asset have been entered as property, plant and equipment in the Group balance sheet.

Olkiluoto 4 Project

In spring 2008, TVO submitted an application to the Finnish Government for a decision in principle for the construction of a fourth nuclear power plant unit (OL4) at Olkiluoto.

The Ministry of Employment and the Economy (TEM) has received all the statements necessary for the handling of the application. TVO has filed with TEM its answer regarding the statements. The statement by the Eurajoki municipality is legally valid. TVO's application for the decision in principle is, according to TVO's opinion completely ready for decision.

Feasibility studies with plant suppliers continued. The studies have

been extended from safety and licensing to constructability, project implementation and power plant engineering.

According to the preliminary safety assessment of STUK, the Radiation and Nuclear Safety Authority in Finland, regarding the OL4 project, all the plant alternatives presented by TVO are feasible and TVO has the capabilities to realise the project according to high safety and quality culture. The Finnish government and parliament are expected to handle TVO's application for a decision in principle in 2010.

Nuclear Fuel

During 2009, nuclear fuel purchases amounted to EUR 45.9 (48.5) million and the amount consumed to EUR 40.1 (38.2) million.

The nuclear fuel and uranium stock carrying value on 31 December 2009 was EUR 162.8 (157.0) million, of which the value of the fuel in the reactors was EUR 61.9 (60.8) million.

Nuclear Waste Management

Under the Finnish Nuclear Energy Act, the Company is responsible for any measures related to nuclear waste management and the related costs. The Group's balance sheet includes a provision related to nuclear waste management obligations, which is based on measures expected to be taken in nuclear waste management and their costs, taking into account measures already carried out. The fair value of the provision

has been determined by discounting future cash flows to the present time. In the consolidated financial statements, the liabilities show a nuclear waste management liability of EUR 633.5 (599.8) million, calculated according to international IFRS accounting principles. A corresponding amount, under assets, represents the Company's share in the Finnish State Nuclear Waste Management Fund.

In order to cover the costs of future nuclear waste management, the Company makes contributions to the Finnish State Nuclear Waste Management Fund, under the Nuclear Energy Act. The Ministry of Employment and the Economy has set TVO's liability for nuclear waste management at EUR 1,160.7 (1,137.6) million to the end of 2009 and the Company's target reserve in the Fund for 2010 at EUR 1,069.8 (1,001.2) million. The difference is covered by guarantees.

A total of 6,405 (6,238) m³ of low and medium-level radioactive waste has accumulated from the OL1 and OL2 plant units during their operation, of which 167 (114) m³ was produced in 2009. The waste is disposed of in the repository for low and medium-level waste (the VLJ repository) at Olkiluoto.

The total amount of spent nuclear fuel by the end of the year was 1,217 (1,180) tonnes, of which 37 (38) tonnes accumulated during 2009. Most of the spent fuel is kept in a separate interim storage facility at Olkiluoto (KPA storage facility).

Posiva Oy, TVO's joint venture company, is responsible for the disposal of spent nuclear fuel on behalf of its shareholders, TVO and Fortum Power and Heat Oy. The construction work for the ONKALO research facility, which is part of the project for the final disposal repository, continued at Olkiluoto.

The spent fuel generated by OL1, OL2, Loviisa 1, Loviisa 2 and OL3 will be disposed of in the Olkiluoto disposal facility. TVO accounts for about 74 per cent of the waste and contributes the same amount to the disposal costs.

Coal Power

Meri-Pori

The amount of electricity produced by TVO's share at Meri-Pori coal-fired power plant was 845.3 (816.9) GWh requiring 299.3 (286.8) thousand tons of coal and 692.0 (661.0) thousand tons of carbon dioxide emission rights.

The company'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 2009 the share was 295.9 (295.9) thousand tons.

Fortum and TVO started co-operation with Maersk Oil and Maersk Tankers with the aim to develop a large-scale pilot plant for the recovery and storage of carbon dioxide (CCS).

Research and Development

Research and development costs were EUR 21.2 (20.6) million, most

of which was spent on nuclear waste management.

TVO is, through the Finnish State Nuclear Waste Management Fund, a major financier of Finnish public sector research programmes for reactor safety and nuclear waste management. In 2009, TVO's contribution to such programmes amounted to EUR 3.1 (2.9) million.

Acquisitions of Tangible and Intangible Assets and Shares

Group's investments during 2009 were EUR 844.8 (609.6) million. Investments of the parent company were EUR 802.7 (600.3) million, of which EUR 749.5 (537.0) million was allocated to the OL3 project.

Preparations for a project to replace the low-pressure turbines and generators in the OL1 and OL2 plant units scheduled for 2010 and 2011 continued.

The new outage building, the construction of which had begun in spring 2008, was completed and taken into use in May. The building is equipped with double monitoring, which means that anyone leaving the plant unit has to be screened by two different personnel monitors. This ensures more efficiently that no radioactive contamination spreads outside the power plant.

The carbon dioxide emission rights relinquished to the Energy Market Authority valued at EUR 10.6 (0.1) million. Carbon dioxide emission rights and certified emission reductions were acquired in 2009, costing EUR 6.2 (10.7) million.

The need of carbon dioxide emission rights of the Company for the period under review will be covered by the acquired and free emission rights.

Safety and Environmental Issues

The Olkiluoto nuclear power plant units operated safely during the year. No incidents with a major impact on nuclear safety occurred. In 2009, six special reports were prepared for The Finnish Radiation and Nuclear Safety Authority (STUK). Three of the incidents were rated as 1, exceptional incidents affecting safety on the international INES scale (0–7). Two incidents were rated 0 (no significance for nuclear or radiation safety). One incident was not rated by INES scale because it was out of scale.

TVO's operations have been in accordance with the Company's environmental policy, environmental permits and environmental management system. Its environmental management system, which also covers the construction phase of the OL3 unit, complies with the international ISO 14001:2004 standard and is EMAS registered.

Six of the seven environmental targets set for 2009 were achieved. There were no significant environmental deviations during the year. The environmental impacts of the Olkiluoto nuclear power plant were minor. As in previous years, radioactive emissions to the atmosphere and water were extremely low, and significantly lower than the limits set by the authorities.

In September 2009, the Supreme Administrative Court gave a decision on the environmental permit for Olkiluoto nuclear power plant units OL1, OL2 and OL3. The permit became valid due to the decision.

The closure of the decommissioned landfill was carried out in accordance with environmental permit regulations during 2009.

A Corporate Social Responsibility Report will give more detailed information on the environmental issues and indicators for 2009. The report will be verified by an outside body.

Personnel and Training

Personnel

At the year-end, the total number of personnel in the Group was 802 (783), and the average during the year was 835 (812). The year-end total number of personnel in the Company was 797 (777), and the average during the year was 830 (806). The year-end total for permanent personnel was 717 (709).

TVO recruited 31 (70) employees in 2009. During the year, 28 (34) employees changed jobs and 23 (37) permanent employees left, including 13 (12) who retired.

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

The following appointments have been made in the Group Management: Anna Lehtiranta has been appointed as Senior Vice President, Corporate Relations and Anneli Nikula as Senior Adviser as of 11

May 2009. Risto Siilos was appointed as Senior Vice President, Corporate Resources to succeed Reijo Sundell and Olli-Pekka Luhta as Manager, OL4 Project as of 1 July 2009. Reijo Sundell was appointed as President, Posiva Oy. Rauno Mokka, TVO's Deputy Managing Director retired on 30 September 2009.

Training

Basic and supplementary training for TVO personnel continued as in earlier years. In total, the personnel was trained 9,008 (8,869) days, which is 12.5 (12.7) days per each TVO employee on the average.

Operators of OL1 and OL2 units took part in supplementary training in 2009 as required by the authorities. The training of new operators proceeded as planned.

The training of OL3 operation personnel proceeded according to plan.

During the year, altogether 3,997 (by 8 January 2010) (in 2008: 4,839) people took part in induction training required from all those working at the Olkiluoto nuclear power plant area. Training was given in Finnish and English.

Subsidiaries and Joint Ventures

TVO Nuclear Services Oy (TVONS) is a wholly owned subsidiary of TVO. It delivers to its customers expertise and services based on a high level of nuclear safety, cost-effective operations and nuclear waste management. TVONS provides its cus-

tomers 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 for TVO's and Posiva Oy's operations at Olkiluoto.

Posiva Oy, which is jointly owned by TVO and Fortum Power and Heat Oy, is responsible for research into and implementing the final disposal, of its shareholders' spent nuclear fuel. TVO owns 60 per cent of Posiva. Posiva continued the excavation work on the underground research facility for final disposal as planned.

Major Events after the End of the Year

No major events have taken place after the end of the year in review.

Prospects for the Future

Production is expected to continue as in earlier years. The prerequisites for nuclear power production at Olkiluoto are good. Nuclear fuel availability is guaranteed by long-term agreements.

In 2010 a longer than usual service and refuelling outage will be carried out in OL1 when new low-pressure turbines and generator will be installed in the plant unit. OL2 will have a normal refuelling outage. The outages are expected to take some 35 days.

TVO will continue to realise the OL3 nuclear power plant project and prepare the plant unit for production

use as planned.

TVO will continue the preparations for the OL4 nuclear power plant project and feasibility studies of alternatives in 2010.

TVO will use its capacity at the Meri-Pori coal-fired power plant on the same basis as before.

The recruitment and training of OL3 and other plant personnel will continue as planned.

Posiva Oy will continue the construction of the underground research facility at Olkiluoto and preparation of the building permit application. The building permit will be filed with the Ministry of Employment and the Economy during 2012 as planned.

TVONS will continue to market and sell services.

Proposals to the Annual General Meeting

Teollisuuden Voima Oyj's distributable equity as of 31 December 2009 amounted to EUR 9,360,000. The Board of Directors proposes to the Shareholders' Meeting that no dividend shall be paid.

Key Figures of TVO Group

TVO GROUP (IFRS) (M€)	2009	2008	2007	2006
Turnover	305	257	232	230
Profit/loss for the financial year	-41	-53	-37	4
Research expenses	21	21	17	15
Investments	845	610	260	289
Equity	866	823	918	758
Non-current and current interest-bearing liabilities (excluding loan from VYR)*	2,642	2,005	1,368	1,246
Loans from equity holders of the company (included in the former)**	179	179	179	179
Loan from VYR	751	696	648	620
Provision related to nuclear waste management	633	600	568	505
Balance sheet total	5,069	4,299	3,619	3,228
Equity ratio % ***	28.4	33.4	45.6	44.6
Average number of personnel	835	812	787	754

* The Finnish State Nuclear Waste Management Fund (VYR)

** Subordinated loans

*** Equity ratio (%) = $100 \times \frac{\text{equity} + \text{loans from equity holders of the company}}{\text{balance sheet total} - \text{provision related to nuclear waste management} - \text{loan from the Finnish State Nuclear Waste Management Fund}}$

CONSOLIDATED ADJUSTED PROFIT/LOSS FOR THE FINANCIAL YEAR (M€)	2009	2008	2007	2006
Profit/loss for the financial year (IFRS)	-41	-53	-37	4
The impact of the nuclear waste management obligation* (profit -/loss +)	3	-1	-8	-13
The impact of financial instruments** (profit -/loss +)	14	16	-3	-19
The impact of the associated company sold (FAS) (profit -/loss +)	0	1	0	0
Profit/loss before appropriations	-24	-37	-48	-28
Sales profit of associated company sold	0	-9	0	0
Adjusted profit/loss for the financial year	-24	-46	-48	-28

* Includes profit/loss effects from nuclear waste management according to IFRS standard.

** Includes effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39.

Key Figures of Teollisuuden Voima Oyj

TEOLLISUUDEN VOIMA OYJ (FAS) (M€)	2009	2008	2007	2006	2005
Parent company's financial statement has been made in accordance with the Finnish Accounting Standards (FAS).					
Turnover	296	245	225	227	199
Fuel costs	65	56	66	65	44
Nuclear waste management costs	66	56	49	29	27
Other income and expenses related to electricity production	121	109	101	106	94
Capital expenditure (depreciation and financial income and expenses)	68	61	57	56	59
Profit/loss before appropriations	-24	-37	-48	-29	-24
Investments	803	600	228	275	647
Equity	713	613	604	408	408
Appropriations	150	175	221	269	298
Non-current and current interest-bearing liabilities (excluding loan from VYR) *	2,587	1,960	1,362	1,242	1,146
Loans from equity holders of the company (included in the former) **	179	179	179	179	179
Loan from VYR	751	696	648	620	595
Balance sheet total	4,377	3,617	2,951	2,639	2,519
Equity ratio % ***	28.8	33.1	43.6	42.5	46.0
Average number of personnel	830	806	780	748	693

* The Finnish State Nuclear Waste Management Fund = VYR

** Subordinated loans.

*** Equity ratio (%) = $100 \times \frac{\text{equity} + \text{appropriations} + \text{loans from equity holders of the company}}{\text{balance sheet total} - \text{loan from the Finnish State Nuclear Waste Management Fund}}$

	2009	2008	2007	2006	2005
TVO'S SHARE IN THE FINNISH STATE NUCLEAR WASTE MANAGEMENT FUND (VYR) (M€)	1,069.8	1,001.2	927.7	864.1	826.6
ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)					
Olkiluoto 1	7,263	7,039	7,317	6,956	7,208
Olkiluoto 2	7,122	7,288	7,032	7,278	6,984
Total Olkiluoto *	14,385	14,327	14,349	14,234	14,192
Meri-Pori	845	817	1,374	1,509	250
Total	15,230	15,144	15,723	15,743	14,442
* Includes wind power 1.5 (1.6 in 2008) GWh and gas turbine power 0.5 (0.5) GWh.					
CAPACITY FACTORS (%)					
Olkiluoto 1	97.0	93.7	97.5	93.8	98.3
Olkiluoto 2	95.1	96.9	93.7	96.9	94.0
Total capacity factor	96.0	95.3	95.6	95.4	96.1
TVO SHARE OF THE ELECTRICITY USED IN FINLAND (%)	18.8	17.4	17.4	17.5	17.0

FINANCIAL STATEMENT 2009, SUMMARY

OL1

866

MW

OL2

869

MW

OL3

869

MW

Consolidated Income Statement

TVO GROUP		
1,000 €	1.1.-31.12.2009	1.1.-31.12.2008
Turnover	305,390	257,275
Work performed for own purpose	10,322	10,390
Other income	8,678	16,688
Materials and services	-132,596	-131,841
Personnel expenses	-55,943	-55,704
Depreciation and impairment charges	-53,724	-51,452
Other expenses	-77,932	-74,055
Operating profit/loss	4,195	-28,699
Share of the associated company's profit/loss	0	751
Finance income	51,771	84,497
Finance expenses	-97,357	-109,678
Total finance income and expenses	-45,586	-25,181
Profit/loss before income tax	-41,391	-53,129
Income taxes	-4	-4
Profit/loss for the financial year	-41,395	-53,133
Profit/loss for the financial year attributable to:		
Equity holders of the company	-41,395	-53,133

Consolidated Statement of Comprehensive Income

TVO GROUP		
1,000 €	1.1.-31.12.2009	1.1.-31.12.2008
Profit/loss for the financial year	-41,395	-53,133
Other comprehensive items		
Changes in fair values of the available-for-sale investments	2,326	-3,073
Cash flow hedges	-17,950	-39,199
Total other comprehensive profit/loss items	-15,624	-42,272
Total comprehensive profit/loss for the financial year	-57,019	-95,405
Total comprehensive profit/loss for the financial year attributable to:		
Equity holders of the company	-57,019	-95,405

Consolidated Balance Sheet

TVO GROUP		
1,000 €	31.12.2009	31.12.2008
Assets		
Non-current assets		
Property, plant and equipment	3,263,047	2,484,603
Intangible assets	16,161	21,787
Loans and other receivables	756,496	700,890
Investments in associates and joint ventures	1,009	1,009
Investments in shares	12,183	9,855
Derivative financial instruments	649	4,883
Share in the Finnish State Nuclear Waste Management Fund	633,484	599,789
Total non-current assets	4,683,029	3,822,816
Current assets		
Inventories	186,904	181,272
Trade and other receivables	83,931	89,119
Derivative financial instruments	404	3,091
Fund units	0	187,600
Cash and cash equivalents	115,088	15,094
Total current assets	386,327	476,176
Total assets	5,069,356	4,298,992
Equity and liabilities		
Capital and reserves attributable to equity holders of the company		
Share capital	461,692	361,692
Share premium reserve and statutory reserve	242,383	242,383
Fair value and other reserves	-48,553	-32,929
Retained earnings	210,289	251,684
Total equity	865,811	822,830
Liabilities		
Non-current liabilities		
Provision related to nuclear waste management	633,484	599,789
Loans from equity holders of the company	179,300	179,300
Loan from the Finnish State Nuclear Waste Management Fund	750,900	695,775
Bonds	926,893	0
Other financial liabilities	979,150	1,321,687
Derivative financial instruments	40,324	43,982
Total non-current liabilities	3,510,051	2,840,533
Current liabilities		
Provisions	0	365
Current financial liabilities	482,472	451,455
Derivative financial instruments	34,142	8,910
Advance payments received	20,943	18,621
Trade payables	18,702	15,421
Other current liabilities	137,235	140,857
Total current liabilities	693,494	635,629
Total liabilities	4,203,545	3,476,162
Total equity and liabilities	5,069,356	4,298,992

Consolidated Statement of Changes in Total Equity

TVO GROUP

1,000 €	Share capital	Share issue	Share premium reserve and statutory reserve	Fair value and other reserves	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2008	266,092	95,600	242,383	9,343	304,817	918,235	918,235
Share issue	95,600	-95,600	0	0	0	0	0
Total comprehensive income for the financial year	0	0	0	-42,272	-53,133	-95,405	-95,405
Equity 31.12.2008	361,692	0	242,383	-32,929	251,684	822,830	822,830
Share issue	100,000	0	0	0	0	100,000	100,000
Total comprehensive income for the financial year	0	0	0	-15,624	-41,395	-57,019	-57,019
Equity 31.12.2009	461,692	0	242,383	-48,553	210,289	865,811	865,811

Consolidated Cash Flow Statement

TVO GROUP		
1,000 €	2009	2008
Operating activities		
Profit/loss for the financial year	-41,395	-53,133
Adjustments:		
Income tax expenses	4	4
Finance income and expenses	45,586	25,181
Depreciation and impairment charges	53,724	51,452
Share of the associated company's profit/loss	0	-751
Other non-cash flow income and expenses	-15,039	-956
Sales profit/loss of property, plant and equipment and shares	-125	-8,686
Changes in working capital:		
Increase (-) or decrease (+) in non-interest-bearing receivables	-50,668	-11,512
Increase (-) or decrease (+) in inventories	-5,632	-21,533
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	5,545	32,761
Interest paid and other finance expenses	-43,998	-33,294
Dividends received	513	1,190
Interest received	37,745	27,570
Taxes paid	-2	-1
Cash flow from operating activities	-13,742	8,292
Investing activities		
Acquisition of property, plant and equipment	-801,090	-579,070
Proceeds from sale of property, plant and equipment	16	146
Acquisition of intangible assets	-230	-11,138
Proceeds from sale of intangible assets	2	3
Acquisition of shares	-4	-180
Proceeds from sale of shares	198	10,578
Loan receivables granted	-55,243	-48,259
Repayments of loans granted	355	311
Cash flow from investing activities	-855,996	-627,609
Financing activities		
Share issue	100,000	95,600
Withdrawals of long-term loans	1,331,441	848,389
Repayment of long-term loans	-620,972	-66,951
Increase (-) or decrease (+) in interest-bearing receivables	2	41
Increase (+) or decrease (-) in current financial liabilities	-28,339	-136,493
Cash flow from financing activities	782,132	740,586
Change in cash and cash equivalents	-87,606	121,269
Cash and cash equivalents January 1	202,694	81,498
Changes in fair value in fund units	0	-73
Cash and cash equivalents December 31	115,088	202,694

Income Statement of Teollisuuden Voima Oyj

Teollisuuden Voima Oyj		
1,000 €	1.1.-31.12.2009	1.1.-31.12.2008
Turnover	295,886	245,063
Work performed for own purpose	10,295	10,366
Other income	16,080	27,744
Materials and services	-146,358	-131,036
Personnel expenses	-55,372	-55,024
Depreciation and write-downs	-51,468	-49,165
Other expenses	-78,262	-74,197
Operating profit/loss	-9,199	-26,249
Financial income and expenses	-16,152	-12,099
Profit/loss before extraordinary items	-25,351	-38,348
Extraordinary items +/-	967	969
Profit/loss before appropriations and taxes	-24,384	-37,379
Appropriations	24,384	46,739
Profit/loss for the financial year	0	9,360

Balance Sheet of Teollisuuden Voima Oyj

Teollisuuden Voima Oyj				
1,000 €	31.12.2009		31.12.2008	
Assets				
Non-current assets				
Intangible assets		16,406		22,086
Tangible assets		3,134,091		2,387,843
Investments				
Holdings in Group companies	1,247		1,247	
Other investments	760,856	762,103	706,046	707,293
Total non-current assets		3,912,600		3,117,222
Current assets				
Inventories		186,904		181,272
Long-term receivables		750		756
Current receivables		162,615		116,376
Marketable securities		0		187,600
Cash and cash equivalents		114,628		14,043
Total current assets		464,897		500,047
Total assets		4,377,497		3,617,269
Equity and liabilities				
Equity				
Share capital		461,692		361,692
Share premium reserve		232,435		232,435
Statutory reserve		9,948		9,948
Retained earnings (loss)		9,360		0
Profit/loss for the financial year		0		9,360
Total equity		713,435		613,435
Appropriations		150,135		174,519
Provisions		0		365
Liabilities				
Non-current liabilities		1,924,848		1,329,209
Shareholders' loans		179,300		179,300
Loan from the Finnish State Nuclear Waste Management Fund		750,900		695,775
Current liabilities		658,879		624,666
Total liabilities		3,513,927		2,828,950
Total equity and liabilities		4,377,497		3,617,269

Cash Flow Statement of Teollisuuden Voima Oyj

Teollisuuden Voima Oyj		
1,000 €	2009	2008
Operating activities		
Operating profit/loss	-9,200	-26,249
Adjustments to operating profit /loss *	50,979	38,405
Changes in working capital **	-50,746	332
Interest paid and other financial expenses	-43,996	-33,292
Dividends received	513	1,190
Interest received	37,741	27,546
Cash flow from operating activities	-14,709	7,932
Investing activities		
Acquisition of shares	-4	-180
Acquisition of non-current assets	-801,320	-590,208
Proceeds from sale of other investments	198	10,578
Proceeds from sale of intangible and tangible assets	17	149
Loan receivables granted	-55,243	-48,259
Repayments of loans granted	356	311
Cash flow from investing activities	-855,996	-627,609
Financing activities		
Share issue	100,000	95,600
Withdrawals of long-term loans	1,331,441	848,389
Repayment of long-term loans	-620,972	-66,951
Increase (-) or decrease (+) in interest-bearing receivables	2	41
Increase (+) or decrease (-) in short-term interest-bearing liabilities	-28,339	-136,493
Group contribution received	1,558	45
Cash flow from financing activities	783,690	740,631
Change in cash and cash equivalents	-87,015	120,954
Cash and cash equivalents January 1	201,643	80,689
Cash and cash equivalents December 31	114,628	201,643
* Adjustments to operating profit/loss		
Depreciation and write-downs	51,469	49,165
Gain (-) or loss (+) from divestment of non-current assets	-125	-9,925
Other non-cash flow income and expenses	-365	-835
Total	50,979	38,405
** Changes in working capital		
Increase (-) or decrease (+) in inventories	-5,632	-21,533
Increase (-) or decrease (+) in non-interest-bearing receivables	-51,526	-10,485
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	6,412	32,350
Total	-50,746	332

Proposals to the Annual General Meeting

Teollisuuden Voima Oyj's distributable equity is EUR 9,360,000.

The Board of Directors proposes to the Shareholders' Meeting that no dividend shall be paid.

Signatures for the Report of the Board of Directors and Financial Statements

Helsinki, 19 February 2010

Timo Rajala
Tapio Kuula
Hannu Anttila
Jukka Hakkila
Mikael Hannus
Tapio Korpeinen
Juha Laaksonen
Seppo Ruohonen
Matti Ruotsala
Rami Vuola

Jarmo Tanhua
President and CEO

Auditor's Report

The auditor's report has been issued on the official financial statements of Teollisuuden Voima Oyj. The condensed financial statements information presented in this Annual Review does not include all information of the official financial statements.

To the Annual General Meeting of Teollisuuden Voima Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Teollisuuden Voima Oyj for the year ended on 31 December, 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in total equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other Opinions

We support that the financial statements should be adopted. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 19 February 2010

Eero Suomela
Authorised Public Accountant

PricewaterhouseCoopers Oy
Authorised Public Accountants
Niina Vilske
Authorised Public Accountant

Financial Publications



Financial Publications in 2009

Annual Report 2008
Interim Report January–June 2009
Interim Report January–September 2009

Financial Publications in 2010

Corporate Governance Statement 2009 on 22 February 2010
Report of the Board of Directors and Financial Statement 2009 on 22 February 2010
Interim Report January–March on 16 April 2010
Interim Report January–June on 16 July 2010
Interim Report January–September on 18 October 2010

All publications are available in Finnish and in English.

In addition, Corporate Social Responsibility Report 2008 was published in 2009.
Corporate Social Responsibility 2009 report will be published in March 2010.

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