



FORTUM OYJ

(incorporated with limited liability in Finland)

€8,000,000,000

Euro Medium Term Note Programme

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg for the purpose of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (the "**Luxembourg Prospectus Law**"), which implements the Prospectus Directive (as defined herein) to approve this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive and the relevant implementing provisions of the Luxembourg Prospectus Law. This Base Prospectus constitutes a Base Prospectus for the purposes of Article 5.4 of the Prospectus Directive (as defined herein). By approving the Base Prospectus the CSSF gives no undertaking as to the economic and financial opportuneness of the transaction contemplated by this Base Prospectus or the quality or solvency of the Issuer in line with the provisions of Article 7(7) of the Luxembourg Prospectus Law.

Application has been made to the Luxembourg Stock Exchange for notes (the "**Notes**") issued under the programme (the "**Programme**") described in this document (as amended or supplemented, the "**Base Prospectus**") to be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange during the period of twelve months after the date of this document. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**"). Notes may also be issued under the Programme which will be admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system as may be agreed between Fortum Oyj (the "**Issuer**") and the relevant Dealer (as defined herein).

Factors which could be material for the purposes of assessing the risks associated with the Notes issued under the Programme are set out under "*Risk Factors*" on pages 5 to 20 of this Base Prospectus.

The Programme has been rated "BBB" by Fitch Ratings Limited ("**Fitch**") and "BBB" by S&P Global Ratings Europe Limited ("**S&P**"). Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the ratings assigned to the Programme. 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. Each of Fitch and S&P is established in the European Union (the "**EU**") and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such each of Fitch and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website, www.esma.europa.eu/supervision/credit-rating-agencies/risk, in accordance with the CRA Regulation.

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR, EURIBOR or STIBOR as specified in the applicable Final Terms. As at the date of this Base Prospectus, ICE Benchmark Administration Limited (as administrator of LIBOR) is included in the ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"). As at the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR) (the "**EMMI**") and the Swedish Bankers' Association (as administrators of STIBOR) (the "**SBA**") are not included in the ESMA's register under Article 36 of the Benchmarks Regulation. The transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the EMMI and the SBA are not currently required to obtain authorisation/registration (or, if located outside the EU, recognition, endorsement or equivalence).

Arranger
Citigroup

Dealers

Barclays
Deutsche Bank
Nordea

Citigroup
NatWest Markets
SEB

Dated 21 November 2018

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IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus in respect of Notes issued under the Programme for the purpose of the Prospectus Directive. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded) and in relation to any Member State of the European Economic Area (the "**EEA**") includes any relevant implementing measure in the relevant Member State.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is 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 completed 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.

This Base Prospectus should be read and construed together with any 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. 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.

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 and offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised information

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 in connection with the Programme or the issue of any Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates 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 supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently 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.

Restrictions on distribution

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*" below. 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. Notes are being offered outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). Subject to certain exceptions, Notes may not be offered, sold or 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.

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Unless otherwise stated in the Final Terms, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €8,000,000,000 (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 or on the preceding day on which commercial banks and foreign exchange markets are open for business in London (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*" below.

Global Notes and Certificates

Unless otherwise provided with respect to a particular Series of Registered Notes, Registered Notes will be represented by a Global Certificate (a "**Global Certificate**"). Each Global Certificate will either be (a) registered in the name of a common depository (or its nominee) for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") in the case of a Note which is not to be held under the New Safekeeping Structure (as defined herein); or (b) registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg in the case of a Note which is to be held under the New Safekeeping Structure. Individual note certificates ("**Individual Note Certificates**") evidencing holdings of Registered Notes will only be available in certain limited circumstances. See "*Forms of the Notes*" below.

Each Tranche of Bearer Notes will initially be represented by a temporary global note (a "**Temporary Global Note**") or a permanent global note (a "**Permanent Global Note**"), in each case, without interest coupons and which, in each case, will be deposited on the issue date thereof (a) with a common depositary on behalf of Euroclear and Clearstream, Luxembourg in the case of Notes which are not intended to be issued in NGN form (as defined herein); or (b) with a common safekeeper for Euroclear and Clearstream, Luxembourg in the case of Notes which are intended to be issued in NGN form. Beneficial interests in a Temporary Global Note will be exchangeable for either beneficial interests in a Permanent Global Note or Bearer Notes in definitive form ("**Definitive Notes**") upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. Each Permanent Global Note may be exchanged for Definitive Notes (save to the extent otherwise indicated in the applicable Final Terms) only in the limited circumstances described in the Permanent Global Note, in each case in accordance with the procedure described in "*Forms of the Notes*" below. For further details of clearing and settlement of the Notes issued under the Programme, see "*Book-Entry Clearance Systems*" below.

Ratings

Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. 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.

The rating of certain Tranches of Notes to be issued under the Programme may be specified in the applicable Final Terms. Please also refer to "*Credit ratings may not reflect all risks*" in the Risk Factors section of this Base Prospectus.

Stabilisation

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, stabilisation may not necessarily occur. 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 cease 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 relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Certain definitions

In this Base Prospectus, unless otherwise specified, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**SEK**" are to Swedish krona, references to "**RUB**" are to Russian ruble and references to "**EUR**" or "**euro**" or "**€**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the EU, as amended.

In this Base Prospectus, unless otherwise specified, references to "**Baltic Countries**" refer to Estonia, Latvia and Lithuania.

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.

Alternative Performance Measures

Certain terms used in this Base Prospectus and financial measures presented in the information incorporated by reference are not recognised financial measures under the International Financial Reporting Standards ("**IFRS**") ("**Alternative Performance Measures**" or "**APMs**") and may therefore not be considered as an alternative to the financial measures defined in the accounting standards in accordance with generally accepted accounting principles. The Issuer presents APMs because it believes that these and similar measures are used by certain investors, securities analysts and other interest parties as supplemental measures of performance and liquidity. The APMs may differ from company to company and therefore

may not be comparable to other similarly titled measures of other companies. The APMs may also have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Issuer's operating result as reported under IFRS.

For definitions and further explanations of Alternative Performance Measures, please refer to the relevant sections of the Financial Statements 2016, the Financial Statements 2017 and the Interim Report January – September 2018, as set out in "Information Incorporated by Reference".

Benchmark Regulation

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

Third party information

In respect of information in this Base Prospectus sourced from a third party, the Issuer confirms that the information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Suitability of investment

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 may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has 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;
- (ii) has 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;
- (iii) has 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;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate, legal and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to 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.

RISK FACTORS

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

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with, any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may currently be unable to anticipate.

Prospective investors are encouraged to read all information in this Base Prospectus carefully as well as to closely review the risk factors listed below in order to reach their own views prior to making any investment decision.

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

Commodity market risks

Electricity prices and volumes

The Issuer is exposed to electricity market price movements and volume changes mainly through its power generation and customer sales businesses. In competitive markets the price is determined by the balance between supply and demand. In the Nordic countries there is considerable variation in the amount of available electricity depending on weather conditions and the amount of precipitation. For the Issuer, the impact of lower prices during wet years is partly compensated by its correspondingly higher production of hydro-electric power. Uncertainty in nuclear production due to prolonged maintenance periods may lead to further variation in the amount of available electricity. Other short and medium term factors affecting electricity prices and volumes in the Nordic market include temperature, wind, CO₂ allowance prices, fuel prices, industrial demand and the import/export situation between the Nordics and other markets.

In the Nordic countries, the Issuer manages electricity price and volume risks in its generation business separately from its customer sales business. Price and volume risks in electricity generation are hedged by entering into commodity derivatives contracts, primarily on Nasdaq OMX Commodities. The objective of hedging is to reduce the effect of electricity price volatility on the Issuer's earnings and cash flows and to secure a minimum level of earnings which ensures financial commitments can be met. The Issuer has hedging strategies for major assets covering several years in the short to medium term which are executed by the trading unit within set guidelines and mandates. These hedging strategies are continuously evaluated as electricity and other commodity market prices, the hydrological balance and other relevant parameters change. Although the hedging strategies aim at reducing risk, there can be no assurances that the Issuer will not be negatively impacted by electricity price and volume risks which may affect its ability to fulfil its obligations under the Notes issued under the Programme.

The Issuer manages both the electricity price and volume risks in its Nordic customer sales business through active portfolio management. There are several types of sales contracts, the volumes and prices of which may vary depending on factors such as temperature, industry demand and the price of electricity on the spot and derivative markets. The Issuer manages the portfolio of sales contracts by entering into electricity derivatives contracts to hedge the price risk and by continuous forecasting of demand to manage the volume risk. However, due to the complex nature of customer sales contracts, it is not possible to completely hedge the risks and the Issuer may not be able to pass on all costs incurred to the customer. This may negatively impact the Issuer's earnings and may affect its ability to fulfil its obligations under the Notes issued under the Programme.

In Russia, electricity prices and capacity sales are, to a certain extent, regulated and the electricity price is highly correlated with the gas price. There is currently only a limited financial market for hedging electricity prices in Russia and the majority of electricity sales are regulated. The Issuer's hedging strategies for Russia will be developed in line with the deregulation of the electricity market when the liquidity of the marketplace is sufficient.

Changes in the regulatory environment and general economic conditions are long-term factors which influence demand and available generation capacity, which in turn affects the long-term electricity price. A downward pressure on prices can be caused by excessive investment in generation relative to demand development. Demand development may deteriorate in relation to forecasts due to, for example, decreased industrial activity and in the long-term there are

no assurances that current price levels can be sustained. Lower prices may negatively impact the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Emissions and environmental values

The EU has established an emissions trading scheme to reduce the amount of CO₂ emissions. The CO₂ emission trading scheme enhances the integration of the Nordic market with the rest of Europe. The main factor influencing the prices of CO₂ allowances is the supply and demand balance. Most of the Issuer's CO₂ emissions from power and heat generation in Europe are subject to requirements under the trading scheme. Allowances have so far been granted based on historical emissions and surpluses or deficits of allowances can be sold or bought on the market. Although the establishment of a market stability reserve, due to commence from the beginning of 2019, has led to an increase in the price of CO₂ allowances, there can be no assurance that CO₂ prices will remain stable; volatility in prices may increase and lead to lower prices in the future.

Currently, the Issuer's Russian activities are not subject to any carbon trading scheme and there is no carbon market in the country, but this could change in the future.

Over 90 per cent. of the Issuer's current power production that is subject to the trading scheme is based on carbon-free energy sources. Most of the allowance price is passed through to the wholesale electricity price in the Nordic market, thus mitigating the exposure to CO₂ allowance price risk. The Issuer manages its exposure to CO₂ allowance prices through the use of CO₂ contracts and by ensuring that the costs of allowances are taken into account during production planning. There are no assurances that the regulations governing the CO₂ allowances trading scheme will remain unchanged, and future prices are uncertain.

In addition to the emissions trading scheme, there are other domestic or regional regulatory frameworks in place in countries in which the Issuer operates, including the Baltics, Finland, Norway, Poland and Sweden, which give incentives to foster environmentally-friendly production methods. These frameworks include trading schemes in electricity certificates, environmental values/certificates, feed-in tariffs and subsidies, especially for renewable electricity production. There can be no assurances that these regulatory frameworks will remain or that changes to existing frameworks will not negatively impact the Issuer's financial or operating results.

Fuel prices and volumes

Heat and power generation requires the use of fuels that are purchased on global or local commodity markets. The main fuels used by the Issuer are natural gas, uranium, coal, various biomass-based fuels such as wood pellets and waste. A substantial portion of the Issuer's operations is dependent on continued access to these and other raw materials and supplies at appropriate prices.

For fuels that are traded on global markets, such as coal and natural gas, the uncertainty in price is the main factor. Prices are largely affected by demand and supply imbalances which can be caused by, for example, increased demand growth in developing countries, natural disasters or supply constraints in countries experiencing political or social unrest. For fuels traded on local markets, such as bio-fuels, the volume risk in terms of access to the raw material of appropriate quality is more significant as there may be a limited number of suppliers. Due to the sanctions and current economic climate in Russia, the risks related to imported fuels from Russia have increased.

In addition to affecting prices for CO₂ allowances and electricity, fuel prices also have a direct effect on the Issuer's variable heat and power production costs. Exposure to fuel prices is to some extent limited by the Issuer's flexible generation capabilities, which allow for switching between different fuels according to prevailing market conditions. In some cases, the fuel price risk can be transferred to the customer. The remaining exposure to fuel price risk is mitigated through fixed-price physical delivery contracts or derivative contracts. The main fuel source for heat and power generation in Russia is natural gas. Natural gas prices are partially regulated, so the price risk exposure is limited.

Coal is mainly obtained from suppliers in Russia, Poland and Kazakhstan. Biomass mainly consists of forest residue chips, chips from roundwood and industrial wood residues originating from Finland, Russia, the Baltic countries, Norway and Poland, and peat is mainly obtained from suppliers in Finland and Estonia. With respect to the Loviisa nuclear power plant, nuclear fuel assemblies (including the uranium contained therein) are acquired from a Russian supplier for the remaining life time of the power plant (up to 2027/2030). Fuel for the Olkiluoto, Forsmark and Oskarshamn nuclear power plants is also purchased on international markets. There is a dependency on a limited number of suppliers. Long-term gas supply contracts are concluded with gas suppliers to ensure gas availability for power plants. Changes in the regulation regarding gas prices and suppliers can affect the supply and price of gas.

Furthermore, if deregulation of the gas and electricity markets is not aligned, the impact of price changes in either electricity or gas could be significant. There can be no assurance that prices develop according to plan and that future changes in prices or regulation will not negatively impact the Issuer.

The Issuer's management does not currently foresee any difficulties in obtaining fuels for the Issuer's heat and power generation activities. However, the proposal by the Finnish ministry of economic affairs and employment to prohibit the use of coal in energy production in Finland by 2029 may lead to increased production costs for the Issuer. It is possible that the Issuer's ability to obtain fuels that are necessary for its operations in one or more business sectors at appropriate prices may be restricted or eliminated altogether as a result of changes in world markets, government restrictions, natural disturbances, regional hostilities or other factors. This may negatively impact the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Hedging and Trading risks

As part of the management of risks relating to fluctuations in prices of electricity, CO₂ allowances and fuels related to the Issuer's business, the Issuer engages in a certain amount of trading in, and relating to, these commodities. The Issuer trades electricity futures and options, mainly on the Nasdaq Commodities and EEX market, CO₂ allowances on the European market and financial coal, gas and oil derivatives on the ICE and POLPX (Polish Power Exchange) and over the counter ("OTC") markets.

Strict management controls and reporting procedures are in place to limit potential losses and ensure compliance with predefined risk mandates. While these steps are designed to limit the Issuer's exposure to risks relating to hedging operations, there can be no assurance that the Issuer will not sustain losses in the future as a result of adverse movements in commodity prices or other factors affecting its hedging positions.

Energy Policy and Regulation Risk

The energy business is heavily influenced by national and EU-level energy policies and regulations, and the Issuer's strategy has been developed based on scenarios of the future development of the regulatory environment in both existing and potential new businesses and market areas. The overall complexity and possible regulatory changes in the Issuer's various operating countries pose a risk to business operations.

Nordic/EU

The Issuer's strategy in the power sector is based on market-driven developments, which would mean more interconnections enabling the flow of electricity between countries and competition supported by increasing policy harmonisation. Although the Nordic power market has a long tradition of harmonisation, national policies vary considerably when it comes to, for example, taxation, granting of permits, subsidies and market model, meaning that the Issuer has to manage risks related to both EU regulation and national regulation in each of the countries in which it operates. Potential risks related to the future energy and climate policy framework include the following:

- the development towards an integrated, flexible and dynamic power market may be hampered by increasing policy costs and uncoordinated national mechanisms;
- overlapping national carbon policies diluting the EU emission trading scheme ("ETS") which could lead to lower carbon price despite the ETS reform;
- increasing cost burden for hydro power in Finland, driven by environmental obligations relating to hydro power, grid costs and real estate taxation;
- sustainability requirements for forest biomass leading to reduced availability and increasing costs; and
- substantial retroactive changes and/or discontinuation of prevailing combined heat and power ("CHP") support schemes in Baltic countries and Poland or deteriorating competitiveness of CHP due to fuel tax increases.

The inter-linkage of these issues as well as national measures such as taxation create uncertainty, and changes in policies in one area could undermine the effects of policy changes in other areas.

National authorities continue to actively develop the mechanisms and parameters used in the regulation of district heating and CHP industries that are gaining importance in the EU's energy policy context. The main objectives are to protect vulnerable customers, to disconnect social policy and energy policy, to encourage more competition, to

increase energy efficiency and to promote the sustainability benefits of district heating, CHP and renewable energy sources. It is anticipated that the evolution of frameworks regulating the district heating markets will gradually move towards a more unified market and the introduction of price setting principles. This may have an impact on the Issuer's financial condition or results of operations, as the Issuer's ability to realise predictable and stable returns on its heating and CHP activities will be affected.

Russia

The Issuer owns and operates heat and power generation assets in Russia as well as three solar power plants (acquired at the end of 2017) and a wind park (commissioned in the beginning of 2018). The main energy and policy-related risks in Russia are linked to the development of the energy sector as a whole, part of which, like the wholesale power market, is to a large extent liberalised while other parts, like gas, heat, and retail electricity, are not. Regulated sectors are inherently exposed to a risk of further regulatory changes which could affect the Issuer's operations.

The main fuel source for heat and power generation in Russia is gas. Gas prices are partially regulated and there is a dependency on a limited number of suppliers. Changes in the regulation regarding gas prices and suppliers can affect the supply and price of gas. Furthermore, if deregulation of the gas and electricity markets is not aligned, the impact of price changes in either electricity or gas could be significant. There can be no assurance that prices develop according to plan and that future changes in prices or regulation will not negatively impact the Issuer.

The Issuer maintains an active dialogue with the bodies involved in the development of laws and regulations in order to manage these risks and proactively contribute to the development of energy policy and the regulatory framework. Despite these efforts, the ability to affect the decision-making process is limited and there may be changes in energy policy and regulation in the Issuer's key operating countries which are detrimental to the Issuer's business and may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Financial Risks

The businesses, earnings and financial conditions of the Issuer have been and will continue to be affected by the global financial markets and the global economic outlook. The actual or perceived failure or worsening credit of other financial institutions and counterparties could also adversely affect the Issuer.

Liquidity and refinancing risks

The global financial crisis in 2007-2008 and the European sovereign debt crisis in 2011 emphasised the need for prudent management of liquidity and refinancing risks. The Issuer manages liquidity and refinancing risks through a combination of cash positions and committed credit facility agreements with its core banks. The Issuer's continued operation depends on its ability to meet payment obligations under such loans.

Although the global economy has stabilised since the financial crises referred to above, the financial problems in the euro zone have created a financial market in which it could become difficult to raise funding and manage liquidity again, which might affect the ability of the Issuer to refinance its loans or significantly increase the costs of refinancing if credit spreads increased relative to existing loan agreements. Credit rating agencies assess the Issuer's business and publish credit ratings. In September 2017, Standard & Poor's and Fitch Ratings placed both the Issuer's long-term and short-term credit ratings on credit watch negative as a result of possible adverse impacts of the planned Uniper SE ("**Uniper**") investment (see "*Description of the Issuer - Uniper Investment*", below). In January 2018, Standard & Poor's downgraded the Issuer's long-term credit rating from BBB+ to BBB with a Negative Outlook due to the investment in Uniper. The short-term rating was affirmed at level A-2. In June 2018 Fitch Ratings downgraded the Issuer's long-term credit rating from BBB+ to BBB with stable outlook and the short-term rating from F2 to F3. A further lowering of credit ratings could raise the financing costs of possible new loans taken, which could have a material adverse effect on the Issuer's business, financial condition or results of operations. This may negatively affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme. Furthermore, there are no assurances that possible adverse changes in business cycles or other factors would not result in renegotiation of the financing or the need for further financing, which in turn may negatively impact the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Currency exchange rates

The Issuer has cash flows, assets and liabilities in currencies other than EUR. Changes in exchange rates could therefore have an effect on the Issuer's earnings and balance sheet.

The main currency exposure is toward EUR/Swedish Krona ("**SEK**") and EUR/Russian Rouble ("**RUB**"), arising from the Issuer's extensive operations in Sweden and Russia. The currency risks are hedged by entering into forward exchange agreements, options, currency swaps and other derivative products. The Issuer's target for currency risk management is to reduce fluctuations in earnings and cash flows due to changes in currency rates, but there can be no assurance that the Issuer will be able to manage the risk successfully. The values of the RUB and the SEK have declined significantly during the last five year period. Until 2014 the RUB was managed against a bi-currency basket (55 per cent. U.S.\$/RUB and 45 per cent. EUR/RUB), but since then there has been a floating exchange rate. As at the date of this Base Prospectus the Central Bank of the Russian Federation has an inflation target of 4 per cent. The decrease in the value of the RUB has been mainly driven by the Crimean crisis and the resulting sanctions, which caused the EUR/RUB exchange rate to weaken to 100 RUB per 1.00 EUR in late 2014 and close to that level again in 2016. EUR/RUB exchange rate has since stabilised to around 70 RUB per 1.00 EUR. Fluctuations of the RUB and the SEK against the EUR could have an adverse effect on future results and on the value of net investments of the Issuer, when consolidating results and net investments in Swedish and Russian affiliates into the reporting currency (EUR) of the Issuer. This may negatively impact the Issuer's ability to fulfil its obligation under the Notes issued under the Programme.

Interest Rate Risk

The Issuer's debt portfolio consists of interest bearing assets and liabilities on fixed and floating rate bases with differing maturity profiles. The average interest rate duration for the interest bearing gross debt is kept within a range of 12 and 36 months. The Issuer manages the duration of the debt portfolio by entering into different types of financing contracts and interest-rate derivative contracts such as interest rate swaps and forward rate agreements ("**FRAs**"). Although the Issuer manages interest rate risks with the intention to reduce interest rate costs and to reduce volatility in financial costs, there can be no assurance that the Issuer will be able to manage interest rate risks successfully. This may negatively impact the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Counterparty risks

The Issuer's business operations lead to contractual arrangements with customers, suppliers, partners, banks, clearing houses and trading counterparties, which expose the Issuer to counterparty risks.

Credit risk exposures relating to financial derivative instruments are often volatile. The Issuer's commodity derivatives are cleared through clearing houses and the major part is cleared at Nasdaq Clearing AB. However, the trend toward the increased use of futures contracts instead of forward contracts is decreasing the Issuer's credit exposure toward clearing houses. Derivative contracts are also entered into directly with other external counterparties. Such OTC contracts are limited to high credit quality counterparties active on the financial or commodity markets.

Due to the Group's financing needs and management of liquidity, the Group has counterparty credit exposure to a number of banks and financial institutions. The majority of the exposure is toward the Group's key relationship banks, which are highly creditworthy institutions, but also includes exposure to the Russian financial sector with respect to deposits with financial institutions as well as to banks that provide guarantees for suppliers and contracting parties. Deposits in Russia have been concentrated to the most creditworthy state-owned or controlled banks.

Credit risk exposures relating to customers and suppliers are spread across a wide range of industrial counterparties, government and municipal entities, small businesses, housing associations and private individuals, over a range of geographic regions. The majority of exposure is to the Nordic market and Russia. The risk of non-payment in the electricity and heat sales business in Russia is higher than in the Nordic market.

The Issuer has procedures in place to control these risks, but there are no assurances that the Issuer will not sustain losses as a result of default, litigation or other actions by one or more of its counterparties. Should this occur, it may negatively impact the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Information and Cyber security risk

The Group's business operations are dependent on well-functioning IT and information management systems and processes. Due to the nature of the business, large amounts of data are processed, often in real-time, and used for decision-making, and in internal and external communication and reporting. In its business operations, the Group is exposed to cyber security risks, including risks related to information and industrial control systems ("**ICS**"), digitalisation and privacy.

The Issuer has established instructions and practices to reduce risks and increase security, but there can be no assurance that losses or costs caused by information and cyber security breaches will be prevented in the future. These risks

could adversely affect the business and financial position and may affect the Issuer's ability to make payments in respect of the Notes.

Environmental, health and safety and social risks

Operating power and heat generation plants, circular economy services and waste management involves the use, storage and transportation of fuels and materials that can have adverse effects on the environment and expose personnel, contractors and third parties to safety risks. The assessment of environmental risks and preparedness to operate in exceptional and emergency situations follows legislative requirements as well as the requirements in the environmental management standard (ISO 14001). The same approach, based on the requirements set out in the operational health and safety standard (OHSAS 18001), applies to risks related to occupational health and safety and actions in emergency situations.

Environmental, health and safety ("EHS") risks, as well as social risks related to the Issuer's supply chain, are evaluated through supplier qualification, internal and external audits and risk assessments, including partner and country risk assessments. Corrective and preventive actions are implemented when necessary. EHS related risks, together with social risks arising in investments, are evaluated in accordance with requirements set forth in the Issuer's investment manual. Environmental risks and liabilities in relation to past actions have been assessed and provisions have been made for future remedial costs.

The Issuer's operations are exposed to physical risks caused by climate change, including changes in weather patterns that could alter energy demand and, for instance, hydropower production volumes. Higher precipitation and temperatures may affect hydropower production, dam safety, and also bioenergy supply and availability. The Issuer takes steps to mitigate these risk by adapting its operations to the changing climate, for example, in production and maintenance planning and in evaluating growth and investment projects.

The Issuer's operations are subject to extensive environmental laws and regulations adopted by the EU and the governmental authorities in the jurisdictions in which the Issuer operates. In Russia in particular, federal, regional and local authorities may enforce existing laws and regulations more strictly than they have done in the past and may impose stricter environmental standards, or higher levels of sanctions for violations, than those now in effect. Notwithstanding the Issuer's established systems mentioned above, any such tightening of the environmental regulations or the stricter application of the existing regulations in the countries of its activities may adversely affect the activities, profit and financial situation of the Issuer and its operations.

Nuclear power

Insurance, Third-Party liability, Nuclear Incidents and Safety

The Issuer owns the Loviisa nuclear power plant in Finland and has minority interests in one other Finnish and two Swedish companies with nuclear plants. In Finland and Sweden, third-party liability relating to nuclear accidents is strictly the plant operator's responsibility and must be covered by insurance. As the operator of Loviisa power plant, the Issuer has a statutory insurance policy of approximately EUR 700 million per nuclear incident. This is the upper liability limit for the Issuer under the provisions of the temporary Finnish Nuclear Liability Act (the "**Finnish NLA**"), which came into force as of 1 January 2012 and will stay in place until the renewed Paris and Brussels conventions are ratified, as explained below. The temporary Finnish NLA also includes an unlimited liability for plant operators for damages that occur in Finland. In Sweden, the operator currently has a statutory insurance policy of approximately EUR 360 million per nuclear incident. However, a government proposition has been made to increase the statutory amount to EUR 1,200 million per nuclear incident, which will come into force on 1 January 2019. In addition to these, the party countries are liable for up to approximately EUR 145 million in both countries, based on the international Paris and Brussels conventions.

The parties to the Paris and Brussels conventions agreed to modify the conventions in February 2004. The aim is to ratify the amendments to the conventions and implement the modified national liability acts at the same time in party countries including Finland and Sweden. The renewed Paris conventions require a ratification by two-thirds of the countries and the Brussels convention requires a ratification by all of the parties to come into force. In many of the countries, this procedure is close to completion, however, the exact time of entry is not known.

In Finland, the modified Finnish NLA was approved by Parliament in 2005. The agreed modifications impose liability on plant operators covering damages of up to EUR 700 million per nuclear incident, which should be covered by insurance or other form of financial guarantee. The Finnish government will have to compensate for any damages exceeding EUR 700 million and up to EUR 1,200 million, and therefore has a maximum liability of EUR 500 million.

In addition to that, the compensation community, composed of the party countries, will be liable for maximum damages of EUR 300 million so that the total maximum amount of compensation per nuclear incident would be EUR 1,500 million. In addition to this, the operator of a nuclear power plant in Finland is strictly liable for damages due to a nuclear incident in Finland. There are no limitations on the liability for damages that occur in Finland. Thus the operator, in the event of a nuclear incident with exceptionally serious results, will be liable for the damage beyond its insurance cover, i.e. when the damage exceeds EUR 1,500 million. If damages occur outside Finland originating from the same nuclear incident, the national legislation of the affected country will be followed.

In Sweden, Parliament approved the nuclear liability legislation in June 2010. The law requires a separate decision by the Swedish government to come into force. The compensation limits are similar to those in Finland, however compensation for damages exceeding EUR 700 million and up to EUR 1,200 million will be covered by the operator by some form of financial guarantee or insurance. The proposal is that the operator has strict and unlimited liability. Liability towards other countries will be determined according to their liability towards Sweden (reciprocity rule).

Nuclear safety, and especially preparedness against extreme external events, became a major concern in the EU after the Fukushima nuclear accident in Japan in 2011. Based on this concern, and to make nuclear safety more transparent, the EU decided in May 2011 to carry out nuclear safety stress tests. Safety evaluations were carried out at the Loviisa nuclear power plant and on eight reactors co-owned by the Group in Sweden and Finland. The stress test addresses the safety of the nuclear power plant in conjunction with an earthquake, flood, weather phenomena and loss of heat sink. It also assesses the continuous operation of the organisation in case of a severe accident and how the plant is technically equipped to manage such circumstances.

The Swedish and Finnish radiation safety authorities have given external conclusions for all nuclear power plants in the Group. The conclusions indicate that the design basis criteria for external events and related safety margins are robust enough at all the Group's plants. Measures for further safety improvements will be implemented within the Loviisa nuclear power plant's normal annual investment programme. Similar safety improvement programmes exist in the co-owned Swedish nuclear power plants which are not in decommissioning phase. Although the measures taken so far are considered to be sufficient, there can be no assurances that authorities will not implement stricter requirements or that the stress tests yield findings which need to be remedied leading to increased costs for the Issuer.

Disposal of nuclear waste

Under Finnish law, the Issuer bears full legal and financial responsibility for the management and disposal of nuclear waste produced by the Loviisa power plant. The Issuer bears partial responsibility, proportionate to its output share, for the costs of the management and disposal of nuclear waste produced by Teollisuuden Voima Oyj's ("TVO") Olkiluoto nuclear power plant, of which it is a part-owner, pursuant to the shareholders' agreement relating thereto in the same manner as for the other fixed operation costs of TVO. The Issuer and TVO have established a company to dispose of spent nuclear fuel. The construction licence for the final disposal facility was submitted at the end of 2012 and approved in November 2015. The operation licence is expected to be submitted in 2020 and the operation of the facility is expected to commence in the early part of 2020. Both the Loviisa and Olkiluoto facilities already operate permanent on-site repositories for low-level and intermediate-level radioactive waste. Waste is placed in containers and disposed of within a cavern complex excavated in bedrock between 50 metres and 100 metres underground. Such repositories will also house irradiated equipment and construction material when the respective nuclear facilities are decommissioned.

In Sweden, under the shareholders' agreements relating to the Forsmark and Oskarshamn nuclear power plants, the Issuer bears partial responsibility, proportionate to its share of output, for the costs of management and disposal of radioactive waste and certain related funding costs from these facilities in the same manner as the other fixed operation costs of the Forsmark and Oskarshamn nuclear power plants.

In both Finland and Sweden, the future costs of the final disposal of spent fuel, the management of low and intermediate-level radioactive waste and radioactive part of the nuclear power plant decommissioning are provided for by a state-established fund to which nuclear power plant operators make annual contributions. Even though contributions to these funds should be sufficient to fully cover estimated costs for handling all the produced radioactive waste, including a safety margin, the possibility exists that actual costs could exceed fund provisions. If this were to occur, the Issuer, for its part, would be responsible for any such excess costs.

Multi-layered containment systems and sophisticated safety protocols 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. However, 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. Such an event could lead to litigation and environmental liability costs, and could negatively impact the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Regulation of nuclear power plants

Governmental authorities hold considerable regulatory authority with respect to the continued operation of nuclear power plants, including monitoring compliance with licence conditions, amending the conditions of existing licences and exercising the power to refuse applications for construction of new nuclear power plants or expansion of existing facilities. Exercise of this authority, as with all other regulatory authority, may be influenced significantly by changes in the balance of national political power. The construction of new nuclear power plants has been prohibited in Sweden since the 1980s. In 1999, the government of Sweden closed one nuclear plant prior to the end of its technical life, and in 2005, another plant on the same site was closed. The Issuer does not have an interest in either of these plants. The Swedish Act on Nuclear Phase-Out was cancelled by a legislation change which was decided by Parliament in June 2010, and has been valid since January 2011. This legislation creates a possibility of keeping the number of running nuclear units constant. Despite this legislation, two plants where the Issuer is the minority owner were closed down due to lack of profitability and are currently subject to decommissioning. Since those decisions were made, the Swedish tax on nuclear capacity has been abolished. Another two units (in which the Issuer has no interest) will be closed down in 2019 and 2020. The risk of future closures prior to the end of the expected technical life of one or more of these power plants or other restrictive action relating thereto, as a result of changes in the regulatory regime, licence conditions or other factors, cannot be excluded entirely. This may negatively impact the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Hydro power

Insurance, Third-Party Liability and Dam Safety

Operational events at hydro facilities can lead to physical damages, business interruptions, and third-party liabilities. In Sweden, third-party liabilities from dam failures are strictly the plant owner's responsibility. Together with other hydro power producers, the Issuer has a shared dam liability insurance programme in place that covers Swedish dam failure liabilities up to SEK 10,000 million. The Swedish Environmental Code, SFS 1998:808, imposes obligations on the dam owner. In addition to strict dam liability, the dam owner is responsible for classifying dams according to consequence, performing safety evaluations, implementing dam safety management systems and reporting to authorities on dam safety. Dam classification is based on likelihood of casualties, environmental impact, social disturbance and economic impact in case of a dam breach. The classification level steers the investment and maintenance activities as well as the control requirements.

In Finland, the Centre for Economic Development, Transport and the Environment functions as the dam safety authority. The dam owner is liable for damage caused by a dam break as provided in the Dam Safety Act (494/2009), the Water Act (587/2011) and the Act on Compensation for Environmental Damage (737/1994). Dam owners are obligated to design and construct dams in such a way that they do not constitute a safety hazard, to keep dams in such condition that they function as intended and to operate dams in such a way that they do not threaten human life.

In order to mitigate dam safety risks and comply with regulation, continuous maintenance, condition monitoring and other operational improvements are performed, and the Issuer has a long-term programme for improving the condition of dams and for securing the discharge capacity in extreme flood situations. Despite the measures taken, there are no assurances that a dam failure will not occur, in which case significant costs to the Issuer could arise.

Business Ethics and Compliance risks

The Issuer's operations are subject to laws, rules and regulations set forth by the relevant authorities, exchanges and other regulatory bodies in all markets in which the Group operates. The Group's ability to operate in certain countries may be affected by future changes to local laws and regulations.

There is a trend to increase regulation related to financial instruments within the EU. Although most of the regulation is primarily focused on financial institutions, a number of the proposals affect energy trading as the regulation is applicable to all forms of financial contracts including commodity derivatives. The impact of the new regulations on the Issuer could encompass increasing costs for a variety of reasons, including possible requirements to centrally clear contracts, transaction reporting and increased capital requirements.

The General Data Protection Regulation became effective on 25 May 2018. The regulation contains a number of requirements related to processing personal data. The Issuer has established a group-wide programme to ensure the

fulfilment of the requirements. Implementation will lead to increased costs for the Issuer and a breach of the regulation could lead to fines and other negative business implications.

The Issuer has an established code of conduct (the "**Code of Conduct**") which is aimed at enhancing the understanding of the importance of business ethics for all its employees, contractors and partners. Prevention of corruption is one of the Code of Conduct's focus areas and the Issuer has procedures for anti-corruption including prevention, oversight, reporting and enforcement based on the requirements prescribed in international legislation. A supplier code of conduct (the "**Supplier Code of Conduct**") sets sustainability requirements for suppliers of goods and services. The Supplier Code of Conduct is based on the principles of the United Nations Global Compact and is divided into four sections: business principles including anti-corruption, human rights, labour standards and environment.

The Issuer systematically identifies, assesses, mitigates and reports compliance risks including risks related to sustainability and business ethics. Internal controls are implemented to prevent the possibility of unauthorised activities or non-compliance with group policies and instructions. This includes maintaining strict internal market conduct rules and procedures to prevent, for example, the use of proprietary information before it is published.

Despite these measures, there can be no guarantees that breaches which may have a material negative impact on the Issuer's reputation or which could lead to penalties, fines or withdrawing licenses to operate in certain countries or businesses, will not occur.

Tax risks

Tax risk refers to the risk associated with changes in, or errors in the interpretation of, taxation rates or laws applicable to the Issuer. This could result in increased charges or financial loss. Although the Issuer devotes considerable resources to managing tax risk, a failure to manage this risk could adversely affect the Issuer's business, results of operations and financial condition.

Anti-tax Avoidance Directive ("ATAD Directive")

The EU Council has adopted Council Directive (EU) 2016/1164 (the ATAD Directive) to provide for minimum standards in relation to interest deductibility. These minimum standards will apply to limit deductibility of external financing costs. The implementation of the new minimum standards are to be implemented through domestic legislation introduced by EU member states and will be applicable in Finland from 1 January 2019. Once implemented in Finland, these minimum standards may have an impact on the Issuer's ability to deduct interest for tax purposes, which could therefore increase its financing costs and ultimately impact the Issuer's ability to make repayments under the Notes.

Investment, integration and project risks

Investment risks

As part of its strategy, the Issuer evaluates opportunities for acquisitions, investments and divestments in both the Nordic/EU countries as well as in emerging markets. The success of the Issuer's strategy depends in part upon identifying suitable acquisitions, investments or divestment opportunities and successfully completing those transactions.

Even if the Issuer is able to identify candidates for acquisition, investment or divestment, it may be difficult to complete transactions. Competition or similar laws may make it difficult for the Issuer to complete additional transactions if regulators in countries where the Issuer and potential acquisition targets operate believe that a proposed transaction will have an adverse effect on competition in the relevant market. Competition for acquisitions could limit the Issuer's ability to grow by this method or could raise the prices of acquisitions or lower the price of targeted divestments and make them less attractive to the Issuer. If the Issuer is unable to complete acquisitions or divestments for any of these reasons, it could be prevented from implementing its strategy and from realising the benefits it expects to derive from such a strategy.

In June 2018, the Issuer completed the transaction to finalise its investment in Uniper (see "*Description of the Issuer - Uniper investment*", below). The Issuer expects the investment to deliver an attractive return, but there can be no guarantees that the dividends received from the Uniper shares, or that the value of the shares, will remain at the current level or develop in line with the expectations of the Issuer.

Integration and project risks

Depending on future investments, the Issuer may acquire or merge with other business and legal entities. The integration of any such business may be difficult for a variety of reasons, including differing culture or management styles. As a result, the need to integrate any potential future acquisitions poses risks to the Issuer's existing operations, including:

- additional demands placed on the Issuer's senior management, who are also responsible for managing the Issuer's existing operations;
- increased overall operating complexity of the Issuer's business, requiring greater personnel and other resources;
- additional cash expenditures;
- the need to attract and retain sufficient numbers of qualified management and other personnel;
- the need to understand the value drivers and their uncertainties in investments or potential acquisition targets;
- the need to understand and manage new markets with different cultural and compliance requirements; and
- the need to understand and manage risks related to sustainability and safety issues.

Any failure to successfully integrate current or future acquisitions could adversely affect the Issuer's business, financial condition and results of operations. Moreover, even if the Issuer is successful in integrating such business, expected synergies and cost savings may not materialise, resulting in lower than expected profit margins.

Part of the Issuer's strategy and operations is carried out through companies with joint control or minority interests. The lack of control could result in decisions that is not in line with the Issuer's interests and could adversely affect the Issuer's operations and financial conditions and the ability to fulfil its obligations under the Notes.

Political risks related to Russia and other emerging markets

The Issuer's growth strategy includes assessing opportunities to expand operations in selected emerging markets. The Issuer already has significant operations in Russia including a joint venture ("**JV**"), Fortum-Rusnano wind investment fund, with a Russian state-owned development company, JSC Rusnano, which has been established to conduct wind projects to be commissioned during 2019 – 2022. The Issuer also has operations in India primarily focusing on investments in solar projects.

Emerging markets, including Russia, are subject to rapid change and the information set out in this Base Prospectus may become out-dated relatively quickly.

Emerging markets countries, including Russia, are subject to and exposed to greater political, economic and social uncertainties than countries with more developed institutional structures, and the risk of loss resulting from changes in law, economic and social upheaval and other factors may be substantial. Among the more significant risks of operating and investing in emerging market countries are those arising from the establishment or enforcement of foreign exchange restrictions, which could effectively prevent the Issuer from repatriating profits or liquidating assets and withdrawing from one or more of these countries, and changes in tax regulations or enforcement mechanisms, which could substantially reduce or eliminate any revenues derived from operations in these countries and reduce significantly the value of assets related to such operations.

In Russia, the division of authority between federal and regional authorities remains uncertain and contested and this could hinder the Issuer's long-term planning efforts, create uncertainties in the Russian operating environment and prevent the Issuer from effectively and efficiently carrying out its business strategy. Additionally, state authorities have a high degree of discretion in Russia and at times exercise their discretion arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law. Possible state actions include withdrawal of licences, interference with or nullification of contracts and transactions entered into in connection with privatisations, invalidation of share issuances and registrations, sudden and unexpected tax audits, criminal prosecutions and civil actions. If the Issuer is affected by any of these factors, its operations and financial condition could be negatively affected. This may negatively impact the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Inadequacies in the legal systems and law enforcement mechanisms in Russia and certain other emerging markets in which the Issuer operates leave it exposed to the possibility of considerable loss as a result of criminal or abusive practices by competitors, parties with which it contracts or others. The Issuer's ability to operate in Russia may also be adversely affected by difficulties in protecting and enforcing its rights in disputes with its contractual partners or other parties, for example, concerning regulatory influence on business and unfair market conditions, and also by future changes to local laws and regulations.

Changes in the Russian government, major policy shifts, discontinuation of reform policies or a lack of consensus between Russia's government, parliament and powerful economic groups could lead to political instability. A decline in economic conditions and/or political instability in Russia, as well as the imposition of any further sanctions, may have a direct and indirect impact on the business environment and may negatively affect the operations and value of certain investments by the Issuer in Russia. This may negatively impact the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

Dependence on key personnel

The Issuer's continued success depends largely on its management team and personnel. The loss of the services of any member of its senior management or other key employees could have a negative impact on the Issuer's results and its ability to implement its strategy. In addition, the Issuer's success depends on its ability to hire, develop, train, motivate and retain skilled professionals on its staff. Although the Issuer has not had any problems in the past with attracting and retaining staff, there can be no assurance of its ability to do so in the future.

Ownership and controlling interest of the Finnish State

The Finnish State currently holds 50.76 per cent. of the shares of, and voting rights in, the Issuer. Accordingly, the Finnish State will continue to have significant voting power in issues subject to the resolution of the shareholders' meeting, such as adoption of the financial statements, decisions on dividend distributions, amendments of the articles of association, increases of shareholders' equity, securities issues and election and dismissal of the members of the board of directors and supervisory board. The significant voting power of the Finnish State may also limit the possibilities to use the shares in the Issuer to finance future mergers and acquisition activity. This may require the Issuer to acquire additional debt financing to cover the costs of future investments.

The Issuer is a holding company

The Notes are the obligation of the Issuer only. The Issuer is a holding company and conducts substantially all of its operations through its subsidiaries, and accordingly the claims of the Noteholders under the Notes will be structurally subordinated to the claims of creditors of the Issuer's subsidiaries. The Issuer's rights to participate in the assets of any subsidiary if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders, except in the limited circumstance where the Issuer is a creditor of such subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims. The Issuer's subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due or to provide the Issuer with funds to meet any of the Issuer's payment obligations under the Notes.

If one of the Issuer's subsidiaries were to be wound up, liquidated or dissolved, (i) the holders of the Notes would have no right to proceed against the assets of such subsidiary, and (ii) the Issuer would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the winding-up, liquidation or dissolution of that subsidiary in respect of its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors (which includes the Issuer) and preference shareholders (if any and which may include the Issuer) of that subsidiary.

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

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:

The Issuer has the right to redeem any Notes at its option which may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature of Notes such as that set out in Condition 10(c) 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.

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.

Notes with returns that are calculated with reference to a variable

Notes may have returns that are variable as a result of the method by which the coupon is calculated or of the way interest is paid. The most basic example of this are Notes where the interest rate is floating, and therefore subject to changes as a result of movements in the prevailing interest rate. In these cases, the success or otherwise of the variable can impact significantly on the return under the Notes as well as the ability to trade the Notes on the secondary market. It should be expected that the value of the Notes and the secondary market for the Notes may decrease if the performance of the variable is less than anticipated.

These risks depend on a number of inter-related factors, including economic, financial and political events over which the Issuer has no control.

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.

Zero coupon Notes

Zero coupon Notes do not provide for interest payments. They are issued at a discount to their principal amount or an accumulated interest basis. Instead of periodic interest payments, the difference between the redemption amount and the issue price constitutes interest income until maturity. A holder of a zero coupon Note is particularly exposed to the risk that the price of such Note falls as a result of changes in the Market Interest Rate. Prices of zero coupon Notes are more volatile than prices of fixed rate Notes and are likely to respond to a greater degree to Market Interest Rate changes than interest bearing notes with a similar maturity.

Risks related to Notes generally

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

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.

In respect of any Notes issued with a specific use of proceeds, such as a Green Bond, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and/or other environmental purposes (either in those words or otherwise) ("**Green Projects**"). Prospective investors should have regard to the information in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer that the use of such proceeds for any Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green Project). Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such "green", "Green" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that such opinion or certification was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Green Projects in, or substantially in, the manner described in the relevant Final Terms, there can be no assurance that the relevant intended project(s) or use(s) the subject of, or related to, any Green Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally disbursed for the specified Green Projects. Nor can there be any assurance that such Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as

aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of 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 his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive 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

Risks related to 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 severely adverse effect on the market value of Notes.

The regulation and reform of "benchmarks" Notes may adversely affect the value of Notes linked to such "benchmarks"

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and the Stockholm Interbank Offered Rate ("**STIBOR**") and other indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things, (a) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (b) prevent certain uses by EU supervised entities (such as the Issuers) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to a rate deemed to be a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark". As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. In a further speech on 12 July 2018, the FCA emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the following effects on certain "benchmarks": (a) discourage market participants from continuing to administer or contribute to such "benchmark"; (b) trigger changes in the rules or methodologies used in the "benchmarks" or (c) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a "benchmark".

To the extent interest payments on a Floating Rate Note are linked to a specific benchmark that is discontinued or no longer quoted, the applicable base rate will be determined using the alternative methods described in Condition 8 (Floating Rate Note Provisions). Any of these alternative methods may result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on those Floating Rate Notes if the relevant benchmark was available in its current form. Further, the same factors that may lead to the discontinuation or unavailability of a benchmark may make one or more of the alternative methods impossible or impracticable to determine. If a Screen Rate Determination is used, the final alternative method sets the interest rate for a period at the same rate as the immediately preceding interest period. Any of the foregoing could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes linked to a "benchmark".

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.

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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website,

www.esma.europa.eu/supervision/credit-rating-agencies/risk, in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

OVERVIEW OF THE PROGRAMME

The following general description does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions in which event, in the case of listed Notes only and if appropriate, a new Base Prospectus will be published.

*This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of the Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC (the "**Prospectus Regulation**").*

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 general description. Under the Programme, the Issuer may from time to time issue Notes denominated in any currency or currencies subject as set out herein.

Issuer:	Fortum Oyj.
Legal Entity Identifier (LEI):	635400IUZZIUJSAMF76.
Arranger:	Citigroup Global Markets Limited.
Dealers:	Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, NatWest Markets Plc, Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ) 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.
Fiscal Agent and Transfer Agent:	Citibank, N.A., London Branch.
Registrar:	Citigroup Global Markets Europe AG
Luxembourg Listing Agent, Paying Agent and Transfer Agent:	Banque Internationale à Luxembourg S.A.
Final Terms or Drawdown Prospectus:	<p>Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a drawdown prospectus (each a "Drawdown Prospectus") prepared in connection with a particular Tranche of Notes.</p> <p>For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete the Terms and Conditions of the Notes and 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 Terms and Conditions of the Notes as completed by the relevant Final Terms.</p> <p>The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions of the Notes 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</p>

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.

Listing and Admission to Trading:

Each Series may be admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms.

Clearing Systems:

Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.

Initial Programme Amount:

Up to €8,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement and, in such case, shall prepare a supplement to this Base Prospectus or prepare a new Base Prospectus which shall be filed with the CSSF.

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 ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**") or a permanent global note (the "**Permanent Global Note**"), in each case as specified in the relevant Final Terms (each a "**Global Note**"). Each Global Note which is not intended to be issued in new global note form ("**NGN**"), 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 NGN form, 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 initially be represented by a Global Certificate which will either be: (a) in the case of 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 the relevant Global Certificate 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, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Certificate will be deposited on or about the Issue Date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Currencies:

Notes may be denominated in any 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 on a fully paid basis. 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, 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, as amended (the "**FSMA**") by the Issuer.

Redemption:

Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms.

Optional Redemption:

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.
Tax Redemption:	Except as described in " <i>Optional Redemption</i> " above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (<i>Redemption for tax reasons</i>).
Interest:	Notes may be interest-bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations:	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, save that no Notes will be issued under the Programme with a minimum denomination of less than €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency agreed as at the Issue Date).
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 6 (<i>Negative Pledge</i>).
Cross Default:	The Notes will have the benefit of a cross default as described in Condition 13 (<i>Events of Default</i>).
Taxation:	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 12 (<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.
Rating:	Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. 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.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
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 EEA (including Belgium, Finland and the United Kingdom) and Japan, see " <i>Subscription and Sale</i> " below.

INFORMATION INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF contain the following information which shall be deemed to be incorporated by reference into, and form part of, this Base Prospectus:

<u>Document</u>	<u>Section Incorporated</u>
Financial Statements 2016	
• Consolidated financial statements (prepared in accordance with IFRS) for the year ended 31 December 2016	Pages 29 to 128
• Consolidated income statement	Page 29
• Consolidated statement of comprehensive income	Page 30
• Consolidated balance sheet	Page 31
• Consolidated statement of changes in total equity	Page 32
• Consolidated cash flow statement	Pages 33 to 34
• Notes to the consolidated financial statements	Pages 35 to 106
• Key figures	Pages 107 to 115
• Definition of key figures	Pages 116 to 117
• Independent Auditors' Report	Pages 129 to 132
Financial Statements 2017	
• Consolidated financial statements (prepared in accordance with IFRS) for the year ended 31 December 2017	Pages 33 to 134
• Consolidated income statement	Page 33
• Consolidated statement of comprehensive income	Page 34
• Consolidated balance sheet	Page 35
• Consolidated statement of changes in total equity	Page 36
• Consolidated cash flow statement	Pages 37 to 38
• Notes to the consolidated financial statements	Pages 39 to 113
• Key figures	Pages 114 to 122
• Definition of key figures	Pages 123 to 124
• Independent Auditors' Report	Pages 135 to 138
Interim Report January – September 2018	
• Interim report January – September 2018	Pages 1 to 66
• Interim financial statements (unaudited) for the period ended 30 September 2018	Pages 31 to 63
• Condensed consolidated income statement	Page 31

- Condensed consolidated statement of comprehensive income Page 32
- Condensed consolidated balance sheet Page 33
- Condensed consolidated statement of changes in total equity Page 34
- Condensed consolidated cash flow statement Page 35
- Explanatory notes to the condensed consolidated interim financial statements and the definitions Pages 39 to 63

2013 Terms and Conditions

- the terms and conditions of the base prospectus dated 22 May 2013 relating to the Programme under the heading "*Terms and Conditions of the Notes*" Pages 31 to 55

2012 Terms and Conditions

- the terms and conditions of the base prospectus dated 9 May 2012 relating to the Programme under the heading "*Terms and Conditions of the Notes*" Pages 32 to 56

2011 Terms and Conditions

- the terms and conditions of the base prospectus dated 5 May 2011 relating to the Programme under the heading "*Terms and Conditions of the Notes*" Pages 33 to 57

2009 Terms and Conditions

- the terms and conditions of the base prospectus dated 13 March 2009 relating to the Programme under the heading "*Terms and Conditions of the Notes*" Pages 29 to 53

The parts of the 2013, 2012, 2011 and 2009 base prospectuses that are not incorporated by reference are either not relevant for investors or covered in another part of the Base Prospectus.

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004.

The Issuer will, at the Specified Offices of the Paying Agents, provide, free of charge, a copy of this Base Prospectus (or any information incorporated by reference in this Base Prospectus) unless such documents have been modified or superseded. Requests for such documents should be directed to the Specified Office of any Paying Agent or the Specified Office of the Listing Agent in Luxembourg. Such documents will also be available to view on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this 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 included 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, complete 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 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 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.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer to meet part of its general financing requirements, or as may otherwise be disclosed in the applicable Final Terms. In particular, if so specified in the applicable Final Terms, the Issuer will apply the net proceeds from an offer of Notes specifically for Green Projects. Such Notes may also be referred to as "**Green Bonds**".

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 (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the applicable 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 depositary or a common depositary for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking S.A. ("**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.

Each Final Terms for Notes in NGN form will indicate whether such Notes are intended to be held in a manner which would allow Eurosystem eligibility. The designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper 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. If the designation is specified as "no" at the Issue Date, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. In all cases, such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

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.

So long as the Notes are represented in temporary global or permanent global form and the relevant clearing systems so permit, the Notes shall be tradeable only in principal amounts of €100,000 and integral multiples of such other amount as shown in the relevant Final Terms.

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 delivery of a 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.

The principal amount of Notes represented by 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 Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- (a) the 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 the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) the 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 the 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) 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 due date (in the case of (b) 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).

The Permanent Global Note will become exchangeable, in whole but not in part only at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the applicable Final Terms; or
- (ii) at any time, if so specified in the applicable Final Terms; or
- (iii) if the applicable Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
 - (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 13 (*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 applicable Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by 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 exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent 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 the Permanent 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 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

the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) 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).

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.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or
- (b) the 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 the 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 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 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 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).

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 either of the following events occur:
 - (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 13 (*Events of Default*) occurs.

If the Specified Denomination of the Notes stated in the applicable Final Terms includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]", the Notes cannot be represented on issue by a Permanent Global Note exchangeable for Definitive Notes.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by 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 duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent 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 the Permanent 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 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 Permanent Global Note or others may have under the Deed of Covenant).

Rights under 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 or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or 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.

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 complete 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.

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 Certificate**"), in each case as specified in the relevant Final Terms.

Each Global Certificate 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 Certificate will be deposited on or about the issue date with the common depositary and will be exchangeable in accordance with its terms; 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 Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

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 Certificate exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Certificate which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Global Certificate", then if either of the following events occurs:
 - (i) 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
 - (ii) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Global Certificate 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 Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Certificate 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 Certificate 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 Certificate; or
- (b) any of the Notes represented by a Global Certificate (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 Certificate in accordance with the terms of the Global Certificate on the due date for payment,

then the Global Certificate (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 Certificate will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Certificate 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 Certificate will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Certificate 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.

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 complete those terms and conditions.

The terms and conditions applicable to any Global Certificate 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 completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. In the case of any Tranche of Notes which are admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Base Prospectus.

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 "Overview of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

- (a) **Programme:** Fortum Oyj (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €8,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) **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 completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed 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.
- (c) **Agency Agreement:** The Notes are the subject of a fiscal agency agreement dated 21 November 2018 (the "**Agency Agreement**") between the Issuer, Citibank N.A., London Branch and Banque Internationale à Luxembourg S.A. as fiscal agent and transfer agent (the "**Fiscal Agent**") and Citigroup Global Markets Europe AG (the "**Registrar**" respectively, which expression includes any successor fiscal agent, registrar and transfer agent appointed from time to time in connection with the Notes), the transfer agents named therein (the "**Transfer Agents**", which expression shall include any successor or additional transfer agent appointed from time to time in connection with the Notes) and 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).
- (d) **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 21 November 2018 (the "**Deed of Covenant**") entered into by the Issuer. The Noteholders and the Couponholders have the benefit of the Deed of Covenant.
- (e) **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 during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the interest coupons appertaining to interest bearing Notes in bearer form, 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 applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the Specified Offices of each of the Paying Agents, the Registrar and the Transfer Agents the initial Specified Offices of which are set out below.

2. Interpretation

- (a) **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;

"Authorised Signatory" means the senior executives authorised by the Board of Directors of the Issuer, or other senior executives authorised by such persons;

"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;

"DA Selected Bond" means the selected government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

"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:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" 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 D₁ is greater than 29, in which case D₂ 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:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" 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 D₂ 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:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" 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 D₁ will be 30; and

"D₂" 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 D₂ 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;

"Determination Agent" means an investment bank or financial institution of international standing selected by the Issuer after consultation with the relevant Dealer(s);

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

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

"EURIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro-zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"Extraordinary Resolution" has the meaning given in the Agency Agreement;

"Final Redemption Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in 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;

"Gross Redemption Yield" means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper *"Formulae for Calculating Gilt Prices from Yields"*, page 5, Section One: Price/Yield Formulae *"Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi Coupon Date"* (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005, and as further amended, updated, supplemented or replaced from time to time) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent;

"Group" means the Issuer and its Subsidiaries from time to time;

"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;

"Indebtedness" means any indebtedness other than Project Finance Indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other debt securities or any borrowed money or any liability under

or in respect of any acceptance or acceptance credit but excluding for the avoidance of doubt any preference shares issued by any members of the Group which are not redeemable at the option of the holder of such shares and any loans made from any member of the Group to any other member of the Group (other than the Issuer) with the proceeds thereof;

"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 other 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 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;

"LIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other Person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

"Make Whole Redemption Price" has the meaning given in Condition 10(c) (*Redemption and Purchase - Redemption at the option of the Issuer*);

"Lead Manager" has the meaning given in the relevant Final Terms;

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

"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;

"Non-Sterling Make Whole Redemption Amount" has the meaning given in Condition 10(c) (*Redemption and Purchase - Redemption at the option of the Issuer*);

"Noteholder", in the case of Bearer Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer*);

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in 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 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;

"Participating Member State" means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

"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 member of the Group after the issue of the Notes, where such Security Interest is created prior to the date on which such company becomes a member of the Group, 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 a member of the Group 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;

"Principal Subsidiary" means, at any time, any Subsidiary whose total assets, consolidated in the case of a Subsidiary which itself has subsidiaries (to the extent attributable to the consolidated total assets of the Group), as shown by its latest audited balance sheet, represent ten per cent. or more of the consolidated total assets of the Group, as shown by the latest published audited consolidated balance sheet of the Group,

provided that:

- (i) the audited consolidated profit and loss account and balance sheet of the Group shall be adjusted in such manner as the Issuer's auditors think fair and appropriate to take account of:
 - (A) the acquisition or disposal of any member of the Group, or any business of any member of the Group, after the date to or at which the profit and loss account or balance sheet is made up; and
 - (B) any member of the Group not included in the consolidation in those financial statements;
- (ii) the audited profit and loss account and balance sheet of the relevant Subsidiary shall be adjusted in such manner as the auditors of that Subsidiary think fair and appropriate to take account of:
 - (A) the acquisition or disposal of any subsidiary of that Subsidiary (or of any business of that Subsidiary or any of its subsidiaries) made after the date to or at which the profit and loss account or balance sheet is made up; and
 - (B) any subsidiary of that Subsidiary not included in the consolidation in those financial statements; and
- (iii) if any intra-group transfer or re-organisation takes place, the audited financial statements (consolidated where applicable) of the Group and of all relevant subsidiaries shall be adjusted by the Issuer's auditors in order to take into account such intra-group transfer or re-organisation;

"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:

- (i) 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
- (ii) 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

- (iii) 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;

"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;

"Quotation Time" has the meaning given in the relevant Final Terms;

"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 Sterling Make Whole Redemption Amount, the Non-Sterling Make Whole Redemption Amount, 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 the relevant Final Terms;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

"Reference Bond" has the meaning given in the relevant Final Terms or, if not so specified or to the extent that such Bond specified in the Final Terms is no longer outstanding on the relevant Reference Date, the DA Selected Bond;

"Reference Bond Price" means, with respect to any Reference Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations;

"Reference Bond Rate" means, with respect to any Reference Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reference Date;

"Reference Date" has the meaning given in the relevant notice of redemption;

"Reference Government Bond Dealer" means each of five banks selected by the Issuer (following, where practicable, consultation with the Determination Agent, if applicable), or their affiliates, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and any Reference Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

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

"Reference Rate" means EURIBOR, LIBOR or STIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

"Register" has the meaning given in the Agency Agreement;

"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 of the Issuer or of a Principal Subsidiary which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other debt securities 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, the equivalent of any of the foregoing under the laws of any jurisdiction;

"Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;

"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;

"Sterling Make Whole Redemption Amount" has the meaning given in Condition 10(c) (*Redemption and Purchase – Redemption at the option of the Issuer*);

"STIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Stockholm interbank offered rate which is calculated and published by a designated distributor (currently the Swedish Bankers' Association) in accordance with the requirements from time to time of the Swedish Bankers' Association (or any other Person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic STIBOR rates can be obtained from the designated distributor);

"Subsidiary" means a company or corporation:

- (i) which is controlled, directly or indirectly, by the first-mentioned company or corporation;
- (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or
- (iii) which is a subsidiary of another subsidiary of the first-mentioned company or corporation,

and, for the purpose of this definition, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

"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, as amended; and

"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 12 (*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 12 (*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) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms give 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 restated and/or supplemented up to and including the Issue Date of the Notes.

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

- (a) The Notes may be in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") as specified in the relevant Final Terms, in each case in the Specified Denomination(s). Bearer Notes in definitive form will be serially numbered, in the Specified Currency and the Specified Denomination(s). Save as provided in Condition 4 (*Exchange and Transfers of Notes*), Notes of one Specified Denomination will not be exchanged for Notes of another Specified Denomination.
- (b) In the case of a Note, this is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the interest/payment basis shown in the applicable Final Terms.
- (c) 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 (the "**Register**") which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement.
- (d) Title to Bearer Notes and Coupons will pass by delivery and references herein to "**holders**" of Bearer Notes and Coupons are to the bearers of such Bearer Notes and Coupons and "**Noteholder**" and "**Coupon holder**" shall be construed accordingly, subject as provided below. Title to Registered Notes will pass upon registration of transfers in the Register maintained by the Registrar. References herein to the "**holder**" of a Registered Note is to the person in whose name such Registered Note for the time being is registered in the Register (or, in the case of a joint holding, the first named thereof), and "**Noteholder**" shall be construed accordingly, subject as provided below. The Issuer, the Fiscal Agent, any Paying Agent, the Registrar and any Transfer Agent may (except as otherwise required by law) deem and treat the holder of any Bearer Note or Coupon and the holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon (other than the endorsed form of transfer, in the case of Registered Notes) or notice of any previous loss or theft thereof) for all purposes.

No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. Exchange and Transfers of Notes

- (a) *Exchange of Notes:* Registered Notes may not be exchanged for Bearer Notes and vice versa. Bearer Notes of one Specified Denomination will not be exchanged for Bearer Notes of another Specified Denomination.
- (b) *Transfer of Registered Notes:* Subject to Condition 4(f) (*Closed Periods*) and 4(g) (*Regulations Concerning Transfers of Registered Notes*), a Registered Note may be transferred upon the surrender (at the Specified Office of the Registrar or any Transfer Agent) of the relevant Note Certificate representing such Registered Note to be transferred, together with the form of transfer endorsed on such Note Certificate duly completed and executed and such other 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 the 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. In the case of a transfer of part only of a holding of Registered Notes represented by one Note Certificate, a new Note Certificate shall be issued to the transferee in respect of the part transferred and a further new Note Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.
- (c) *Exercise of Options or Partial Redemption in Respect of Registered Notes:* In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Note Certificate, a new Note Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Note Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Note Certificates shall only be issued against surrender of the existing Note Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Note Certificate representing the enlarged holding shall only be issued against surrender of the Note Certificate representing the existing holding.
- (d) *Delivery of New Note Certificates:* Each new Note Certificate to be issued pursuant to Condition 4(b) (*Transfer of Registered Notes*) or 4(c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*) shall be available for delivery within five business days in the location of the Specified Office of the Registrar or the relevant Transfer Agent after receipt of the request for exchange, form of transfer or exercise notice or surrender of the Note Certificate for exchange. Delivery of the new Note Certificate(s) shall be made at the Specified Office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, exercise notice or Note Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, exercise notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Note Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 4(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in London and any other location specified in the Final Terms.
- (e) *Exchange Free of Charge:* The exchange and transfer of Registered Notes and Note Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax, duty or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Issuer, the Registrar or the relevant Transfer Agent may require).
- (f) *Closed Periods:* No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10(c) (*Redemption at the option of the Issuer*), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 11B (*Payments - Registered Notes*)).

- (g) *Regulations Concerning Transfers of Registered Notes:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of 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 holder of Registered Notes who requests in writing a copy of such regulations.

5. **Status**

The Notes constitute direct, general and unconditional 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 obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

6. **Negative Pledge**

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries 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, 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 for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

7. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 7 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 11A (*Payments – Bearer Notes*). 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 7 (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.
- (e) *Notes accruing interest otherwise than a Fixed Coupon Amount:* This Condition 7(e) shall apply to Notes which are Fixed Rate Notes only where the Final Terms for such Notes specify that the Interest Payment Dates are subject to adjustment in accordance with the Business Day Convention specified therein. The relevant amount of interest payable in respect of each Note for any Interest Period for such Notes shall be calculated by the Calculation Agent by multiplying the product of the Rate of Interest and the Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded

upwards). The Calculation Agent shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agents, the Registrar (in the case of Registered Notes) and the Noteholders in accordance with Condition 19 (*Notices*) and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth Business day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange.

8. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 8 is applicable to the Notes only if the Floating 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 11A (*Payments— Bearer Notes*). 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) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
 - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period; ***provided, however, that*** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;
 - (iii) 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;
 - (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) 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
- (v) 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 Issuer) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, 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.
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

- (e) *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.

- (f) *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.
- (g) *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 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.
- (h) *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 Registrar, 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.
- (i) *Certificates to be Final:* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8, whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents, the Registrar, the Calculation Agent (if applicable) and the Noteholders and the Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders and the Couponholders shall attach to the Fiscal Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

9. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 9 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).

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*).
- (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 are specified in the relevant Final Terms as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate 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 12 (*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 (A) a certificate signed by two Authorised Signatories 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 of and (B) an opinion, addressed to the Fiscal Agent, 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) on the Issuer's giving not less than the minimum period nor more than the maximum period of notice to the Noteholders, as specified in the relevant Final Terms (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 applicable amount specified in the relevant Final Terms (together, if appropriate, with accrued interest to (but excluding) the relevant Optional Redemption Date (Call)) at one of:
 - (i) the Optional Redemption Amount (Call); or

- (ii) the Make Whole Redemption Price.

The "**Make Whole Redemption Price**" will, in respect of Notes to be redeemed, be:

- (i) if "**Sterling Make Whole Redemption Amount**" is specified as being applicable in the relevant Final Terms an amount equal to the higher of (i) 100 per cent. of the principal amount of such Notes and (ii) the principal amount of such Notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (as determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin, as determined by the Determination Agent; or
 - (ii) if "**Non-Sterling Make Whole Redemption Amount**" is specified in the applicable Final Terms an amount equal to the higher of (i) 100 per cent. of the principal amount of such Notes and (ii) the principal amount of such Notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the yield to maturity on such Notes on the Reference Date is equal to the Reference Bond Rate at the Quotation Time on the Reference Date, plus the Redemption Margin, as determined by the Determination Agent.
- (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*), in the case of Bearer Notes, 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 and 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 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 and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. 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 15 nor more than 30 days before the relevant Optional Redemption Date (Put), deposit (in the case of Bearer Notes) with any Paying Agent such Note together with all unmatured Coupons relating thereto (or in the case of Registered Note) the Note Certificate representing such Note(s) with the Registrar or any Transfer Agent at its Specified Office and a duly completed Put Option Notice in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. The Paying Agent, Transfer Agent or the Registrar 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, Transfer Agent or the Registrar 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, Transfer Agent or the Registrar in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent, Transfer Agent or the Registrar shall be deemed to be the holder of such Note for all purposes.

- (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 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. Such Notes so purchased may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary surrendered to any Paying Agent and/or the Registrar for cancellation.
- (i) *Cancellation:* All Notes so redeemed by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold. All Notes so cancelled (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Fiscal Agent (which shall notify the Registrar of such cancelled Notes in the case of Registered Notes) and cannot be reissued or resold.

11. **Payments**

11A. **Payments - Bearer Notes**

- (a) *Bearer Notes:* This Condition 11A is only applicable to Bearer Notes.
- (b) *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.
- (c) *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 (b) above.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice (i) to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (e) No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (f) *Deductions for unmatured Coupons:* If the relevant Final Terms specify 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.

- (g) *Unmatured Coupons void:* If the relevant Final Terms specify that this Condition 11A(g) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption 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 13 (*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.
- (h) *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.
- (i) *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).
- (j) *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.
- (k) *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 or the Paying Agent

in Luxembourg 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 14 (*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.

11B. **Payments - Registered Notes**

This Condition 11B (*Payments – Registered Notes*) is only applicable to Registered Notes.

- (l) *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.
- (m) *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.
- (n) *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 (i) to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (o) *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 11B (*Payments – Registered Notes*) arriving after the due date for payment or being lost in the mail.
- (p) *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.
- (q) *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.

12. **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 presented for payment:
- (i) in Finland;
 - (ii) 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 Finland or any political subdivision therein or any authority therein or thereof 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
 - (iii) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

13. **Events of Default**

If any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) *Non-payment:* if default is made in the payment of any principal or interest in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or
- (b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer or Principal Subsidiary:*
 - (i) any Indebtedness of the Issuer or any of its Principal Subsidiaries is not paid when due or (as the case may be) within any applicable grace period;
 - (ii) any such Indebtedness becomes due and payable prior to its stated maturity (otherwise than at the option of the Issuer or (as the case may be) the relevant Principal Subsidiary) by reason of an event of default (however described); or
 - (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness as extended by any applicable grace period; or
 - (iv) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness becomes enforceable by reason of default, or
 - (v) one or more judgment(s) or order(s) for the payment is rendered against the Issuer or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment,

provided that no event referred to in this Condition 13(c) shall constitute an Event of Default, first, unless the relative Indebtedness either alone or when aggregated with other Indebtedness relative to all (if any) other such events which shall have occurred shall amount to at least €50,000,000 (or its equivalent in any other currency); or

- (d) *Insolvency, etc:* (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or any of its Principal Subsidiaries for all or substantially all of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is appointed and such appointment is not discharged within 45 days, (iii) the Issuer or any of its Principal Subsidiaries makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee or indemnity of any Indebtedness given by it, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) in the case of a Principal Subsidiary not involving or arising out of the insolvency of such Principal Subsidiary and under which all or substantially all of its assets are transferred to the Issuer or any of its other Subsidiaries, or (B) in the case of a Principal 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 Principal Subsidiary under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Principal Subsidiary, or (D) on terms previously approved by an Extraordinary Resolution of the Noteholders; or
- (e) *Winding up, etc:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) in the case of a Principal Subsidiary not involving or arising out of the insolvency of such Principal 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 Principal 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 Principal Subsidiary under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Principal Subsidiary, or (D) on terms previously approved by an Extraordinary Resolution of the Noteholders,

then any Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) to the date of repayment without further action or formality.

A report by two Authorised Signatories of the Issuer that in their opinion a Subsidiary of the Issuer is or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

14. **Prescription**

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date.

15. **Replacement of Notes, Coupons and Note Certificates**

If any Note, Coupon or Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent or the Paying Agent in London (in the case of Bearer Notes and Coupons) or of 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 in any particular place, the Paying 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, Coupons or Note Certificates must be surrendered before replacements will be issued.

16. Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying 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 names of the initial Fiscal Agent, the other initial Paying Agents, the initial Registrar and the other initial Transfer Agents and their initial Specified Offices are set out 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 Paying Agent, Registrar or Transfer Agent and to appoint a successor fiscal agent and additional successor paying agents; **provided, however, that:**

- (a) there will at all times be a paying agent in a jurisdiction within Europe, other than Finland;
- (b) the Issuer shall at all times maintain a paying agent, registrar and a transfer agent;
- (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 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.

17. Meetings of Noteholders; Modification, Waiver and Substitution

- (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 it 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 two or more Persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two 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 two or more Persons holding or representing not less than two-thirds or, at any adjourned meeting, one third 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 Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:
 - (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
 - (ii) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 19 (*Notices*) as soon as practicable thereafter.

18. 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.

19. Notices

Notices regarding Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an overseas address) by air mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth day after the date of such mailing. With respect to Registered Notes admitted to trading on and listed on the Official List of the Luxembourg Stock Exchange, any notices to holders will also be published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

Notices regarding 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 Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (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 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 Noteholders.

20. 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.

21. 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, and shall be construed in accordance with, English 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.
- (c) *Appropriate forum:* The Issuer has agreed 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) *Service of process:* The Issuer agrees that the documents which start any Proceedings (as defined below) may be served on it by being delivered to Fortum Energy Limited at St. James House, 13 Kensington Square, London W8 5HD, United Kingdom or to such other person with an address in England or Wales and/or such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. 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; and

- (e) *Rights of the Noteholders to take proceedings outside England:* Notwithstanding Condition 21(b) (*English courts*), any Noteholder may take 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.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly 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.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC, as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")/[MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [•]

FORTUM OYJ

Legal Entity Identifier (LEI): 635400IUZZIUJSAMF76

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

EUR8,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

OPTION 1 (NORMAL ISSUANCE UNDER THE PROGRAMME ON THE BASIS OF THE TERMS AND CONDITIONS SET OUT IN THE BASE PROSPECTUS)

[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 21 November 2018 [and the supplement to the base prospectus dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of 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 and must be read in conjunction with the Base Prospectus.

OPTION 2 (ISSUANCE ON THE BASIS OF TERMS AND CONDITIONS FROM EARLIER PROGRAMME DOCUMENTS INCORPORATED BY REFERENCE INTO THE BASE PROSPECTUS)

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 [13 March 2009 / 5 May 2011 / 9 May 2012 / 22 May 2013] incorporated by reference in the Base Prospectus dated 21 November 2018. This Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 21 November 2018 [and the supplement to the Base Prospectus dated [date]] which [together] constitute[s] a base

prospectus (the "**Base Prospectus**") for the purposes of 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 purpose of Article 5.4 of the Prospectus Directive.]

END OF OPTIONS

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at [[*address*] [and] [*website*]] and copies may be obtained from [*address*].]

- | | | | |
|----|---------|--|--|
| 1. | (i) | Issuer | Fortum OYJ |
| 2. | (i) | Series Number: | [•] |
| | (ii) | Tranche Number: | [•] |
| | [(iii)] | Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [•] below [which is expected to occur on or about [•]].] |
| 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 [•] |
| 6. | (i) | Specified Denominations: | [•] |
| | (ii) | Calculation Amount: | [•] |
| 7. | (i) | Issue Date: | [•] |
| | (ii) | Interest Commencement Date: | [Issue Date/Not Applicable/[•]] |
| 8. | | Maturity Date: | [•] |
| | | | [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
[For fixed rate notes where the Interest Payment Dates are subject to modification, the Maturity Date will be the Interest Payment Date falling in or nearest to the relevant month and year] |
| 9. | | Interest Basis: | [[•] per cent. Fixed Rate]
[•][•] [EURIBOR/LIBOR/STIBOR] +/- [•] per cent. Floating Rate]
[Zero Coupon]
[(further particulars specified below)] |

- | | | |
|-----|---|--|
| 10. | Change of Interest or Redemption/
Payment Basis: | [[•]/Not Applicable] |
| 11. | Put/Call Options: | [Investor Put]
[Issuer Call]
[(further particulars specified below)] |
| 12. | [Date [Board] approval for issuance of
Notes obtained: | [•]] |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|---|---|
| 13. | Fixed Rate Note Provisions | [Applicable/Not Applicable]

<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| | (i) Rate[(s)] of Interest: | [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] |
| | (ii) Interest Payment Date(s): | [•] in each year [adjusted in accordance with [specify Business Day Convention]/[not adjusted] |
| | (iii) Fixed Coupon Amount[(s)]:
<i>(Applicable to Notes in definitive form)</i> | [[•] per Calculation Amount/Not Applicable |
| | (iv) Broken Amount(s): | [Not Applicable] [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•] |
| | (v) Day Count Fraction: | [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 or "Eurobond Basis" / 30E/360 (ISDA)] |
| 14. | Floating Rate Note Provisions | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| | (i) Specified Period: | [•] |
| | (ii) Specified Interest Payment Dates: | [•] |
| | (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] |
| | (v) Additional Business Centre(s): | [•]/[Not Applicable] |
| | (vi) Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination] |
| | (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): | [•]/[Not Applicable] |
| | (viii) Screen Rate Determination: | [Applicable/Not Applicable] |

- Reference Rate: [EURIBOR/LIBOR/STIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [•]
 - Relevant Time: [•]
 - Relevant Financial Centre: [•]
- (ix) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (x) [Linear interpolation: [Applicable/Not Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]]
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•]/[Not Applicable]
- (xiii) Maximum Rate of Interest: [•]/[Not Applicable]
- (xiv) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 or "Eurobond Basis" / 30E/360 (ISDA)]
15. **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) Day Count Fraction in relation to Early Redemption Amount: [30/360 / Actual/Actual (ICMA/ISDA) / other]

PROVISIONS RELATING TO REDEMPTION

16. **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [[•] per Calculation Amount /Make Whole Redemption Price] [in the case of the Optional Redemption Date(s) falling [on]/[in the period from and including [date] to but excluding [date]]]
- [(iii) Make Whole Redemption Price: [Non-Sterling Make Whole Redemption Amount / Sterling Make Whole Redemption Amount / Not Applicable]

(If not applicable delete the remaining subparagraphs (a) – (c) of this paragraph)]

- | | | |
|------|----------------------------|--------------------------------------|
| (a) | Redemption Margin: | [•] per cent. |
| (b) | Reference Bond: | [•] |
| (c) | Quotation Time: | [•]] |
| (iv) | If redeemable in part: | |
| (a) | Minimum Redemption Amount: | [•] per Calculation Amount |
| (b) | Maximum Redemption Amount: | [•] per Calculation Amount |
| (v) | Notice period: | Minimum [•] days
Maximum [•] days |
17. **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): | [•] per Calculation Amount |
| (iii) | Notice period: | [Not Applicable] |
18. **Final Redemption Amount of each Note** [•] per Calculation Amount¹
19. **Early Redemption Amount**
- | | |
|---|----------------------------|
| Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default: | [•] per Calculation Amount |
|---|----------------------------|

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. 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]]
- [Registered Notes:**

¹ Notes will be redeemed at least at 100 per cent. of their nominal amount.

[Regulation S Global 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))]]

- | | | |
|-----|---|---|
| 21. | New Global Note: | [Yes]/[No]
[Not Applicable] |
| 22. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | [Not Applicable/[•]] |
| 23. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. As the notes have more than 27 coupon payments, talons, may be required if, on exchange into definitive form, more than 27 coupon payments are left. |

Signed on behalf of Fortum Oyj:

By:
Duly authorised

By:
Duly authorised

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange from [•]/other (*specify*)
- (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/*specify relevant regulated market*] with effect from [•] (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)
- (iii) Estimate of total expenses related to admission to trading: [•]/[Not Applicable]

2. RATINGS

The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings:

[S&P: [•]]

[Fitch: [•]]

[[•] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[•] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] / [European Securities and Markets Authority].]

[[•] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[•] is not established in the EEA but the rating it has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[•] is not established in the EEA but is certified under Regulation (EU) No

1060/2009, as amended (the "CRA Regulation").]

[[•] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

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

The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

4. **USE OF PROCEEDS**

The proceeds of the issue will be [applied by the Issuer to meet part of its general financing requirements]/[•]/[Green Projects]

5. **YIELD (*Fixed Rate Notes only*)**

Indication of yield: [•]/[Not Applicable]

6. **RELEVANT BENCHMARK[S]**

[[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

7. **THIRD PARTY INFORMATION**

[[*(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.].

8. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

[FISN Code: [•]]

[CFI Code: [•]]

Any clearing system(s) other than Euroclear Bank SA/NV or Clearstream Banking S.A. and the relevant identification number(s):

[Not Applicable/[•]]

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. 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.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then 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*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

9. DISTRIBUTION

(i) Method of Distribution:

[Syndicated/Non-syndicated]

(ii) If syndicated:

(A) Names of Managers

[Not Applicable/*give names*]

(B) Stabilisation Manager(s), if any:

[Not Applicable/*give names*]

(iii) If non-syndicated, name of Dealer:

[Not Applicable/*give names*]

- | | | |
|------|---|--|
| (iv) | U.S. Selling Restrictions: | [Reg. S Compliance Category 2]; [TEFRA C/TEFRA D / TEFRA not applicable] |
| (v) | Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable/Not Applicable, Key Information Document prepared] ² |
| (vi) | Prohibition of Sales to Belgian Consumers: | [Applicable/Not Applicable] |

² If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document required by Regulation (EU) No 1286/2014 (the “**PRII**Ps Regulation”) will be prepared, “Applicable” should be specified. If a key information document required by the PRIIPs Regulation will be prepared, “Not Applicable, key Information Document prepared” should be specified.

OVERVIEW 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.

In relation to any Tranche of Notes represented by a Global Certificate, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Certificate is for the time being registered in the Register which, for so long as the Global Certificate 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 Certificate (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 Certificate and in relation to all other rights arising under such Global Note or Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Certificate 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 Certificate, 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 Certificate.

Conditions applicable to Global Notes

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

Payments: All payments in respect of the Global Note or Global Certificate 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 Certificate 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.

Payment Business Day: In the case of a Global Note, or a Global Certificate, shall be, if the currency of payment is euro, any day which is 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, if the currency of payment is not euro, any day which is 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.

Payment Record Date: Each payment in respect of a Global Certificate 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 Certificate is being held is open for business.

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 Certificate must, within the period specified in the Conditions for the deposit of the relevant Note give notice of such exercise

to the Fiscal Agent, in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and/or other relevant clearing system, 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.

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 Certificate 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 19 (*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 Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Certificate 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 19 (*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 also 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).

DESCRIPTION OF THE ISSUER

Business Overview of the Fortum Group

The Issuer and its subsidiaries (the "**Group**") are (according to the Group's estimates based on publicly available information) among the largest energy producers in the market generally referred to as "Nord Pool area", which consists of the Nordic and Baltic countries (excluding Iceland). The Group is primarily active in the generation and sale of electricity, heating, cooling, waste-to-energy and recycling solutions as well as related services. The Group is one of the providers in Europe with the lowest of carbon-dioxide emissions as over 95 per cent. of the electricity the Group generates in the EU comes from hydro, nuclear, solar and wind power.³ In Russia, the Group's production is gas-fired and accounts for one-third of the Group's total power production. In its heat production, the Group uses a variety of renewable and recycled fuels making it one of the EU's largest bioenergy companies. The Group is (according to the Group's estimates based on publicly available information) the largest electricity retailer in the Nordic countries measured by the number of customers, offering and actively developing digital services that enable consumers to better manage their energy consumption.

The Group is active primarily in the Nordic and Baltic countries as well as in Russia. The Group was formed in 1998 by the merger of the IVO Group and the Neste Group, two Finnish industrial groups with extensive operations in the energy sector. The combined company, Fortum Oyj (parallel company name in English: 'Fortum Corporation'), was incorporated in Finland on 7 February 1998 and registered in the Finnish Trade Register as a public limited liability company with registration number 1463611-4, and was listed on the Helsinki Stock Exchange in December 1998. The Group operates under the laws of Finland.

The Issuer is domiciled in Espoo and its main office is situated at Keilalahdentie 2-4, Espoo, Finland and the main office's telephone number is + 358 10 4511.

Organisational Structure

The Group's Businesses are managed through four operating divisions: Generation, City Solutions, Consumer Solutions and Russia. Until 1 March 2017, the business divisions City Solutions and Consumer Solutions were reported as the integrated business division City Solutions. In addition, the Group has two development units focusing on growing new businesses: M&A and Solar & Wind Development as well as Technology and New Ventures. The development units form, together with the administrative functions of the Group, the Other reporting segment. The reportable segments under IFRS have been named correspondingly.

Corporate structure

The Issuer is the parent company of the Group and owns the Group's operating subsidiaries. The Issuer does not have any significant business operations and its financial results are based primarily on cash flow and dividends from its subsidiaries.

Business Strategy

In November 2018 the Group updated its strategy. While the Group's vision "for a cleaner world" which was formulated in February 2016 remains unchanged, the Group's updated strategy has four strategic priorities:

- (a) Pursue operational excellence and increased flexibility; the target is to steer leverage from current net debt to EBITDA ratio towards the long-term target ratio of around 2.5 times. Having a solid investment grade rating is a key priority for the Group.
- (b) Ensure value creation from investments made during recent years (see for example "Uniper investment", below) and to optimise the business portfolio to be in line with its strategic priorities emphasising CO₂-free assets, flexibility and low operating cost to fit the changing business environment.

³ Source: PwC, December 2017, Climate Change and Electricity (including those companies with data for power generation available only), Fortum

- (c) Drive focused growth in the "power value chain": the Group will continue to develop value-added offerings and services for customers both in the consumer and industrial sectors.
- (d) Build options for significant new businesses: the Group aims to build on existing expertise and emerging technologies to create new businesses, independent of power prices, with potential for sizeable profit contribution.

Long term financial targets

The long-term over-the-cycle financial targets are: Return on capital employed ("ROCE") at least 10 per cent, and Comparable net debt to EBITDA around 2.5x.

Selected financial information

The table below sets out selected financial information of the Group as at and for the nine months ended 30 September 2018 and 2017 and as at and for the year ended 31 December 2017 and 2016.

EUR million or otherwise stated	As at and for nine months ended 30 September		As at and for the year ended 31 December	
	(unaudited)		(audited)	
	2018	2017	2017	2016
Income Statement Data				
Sales	3,643	3,088	4,520	3,632
Comparable EBITDA	1,051	852	1,275	1,015
Comparable operating profit.....	654	516	811	644
Operating profit.....	829	843	1,158	633
Profit for the period	661	625	882	504
Attributable to:				
Owners of the parent.....	651	622	866	496
Non-controlling interest	10	3	16	8
Earnings per share, EUR.....	0.73	0.70	0.98	0.56
Financial Position Data				
Non-current assets.....	18,994	15,860	15,835	14,918
Current assets.....	3,088	5,600	5,918	7,046
Total assets.....	22,082	21,460	21,753	21,964
Equity attributable to owners' of the parent.....	11,986	12,963	13,048	13,459
Non-controlling interest.....	241	239	239	84
Non-current liabilities.....	7,285	6,403	6,388	6,546
Current liabilities	2,571	1,855	2,078	1,876
Total equity and liabilities	22,082	21,460	21,753	21,964
Interest-bearing liabilities	5,975	4,951	4,885	5,107
Liquid funds	731	3,877	3,897	5,155
Interest-bearing net debt	5,244	1,075	988	-48

In June 2015, the Group completed the divestment of its Swedish electricity distribution business which concluded the divestment of the Group's Distribution business, a process that began in 2013. The total consideration from the divestments in Finland, Sweden and Norway were approximately EUR 9.3 billion. As a result of these transactions the Group was still net cash positive EUR 48 million (interest-bearing net debt as negative) at 31 December 2016.

In June 2018 the Group closed the offer for Uniper shares and became the largest shareholder in Uniper with 47.35 per cent. of the shares. The Group paid total consideration of EUR 3.7 billion for all shares tendered (see below section "Uniper investment"). In addition the Group paid EUR 1.10 per share as dividends both in 2017 and 2018 totalling EUR 1,954 million. At 30 September 2018, interest-bearing net debt amounted to EUR 5,244 million. (see below section "Financial results").

Financial results

The following financial analysis of the Group as at and for the years ended 31 December 2017 and 2016 is based on the consolidated financial information derived from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2017.

In 2017, the Group's sales were EUR 4,520 million (2016: EUR 3,632 million). Comparable EBITDA in 2017 totalled EUR 1,275 million (2016: EUR 1,015 million). Comparable operating profit in 2017 totalled EUR 811 million (2016: EUR 644 million). Operating profit in 2017 totalled EUR 1,158 million (2016: EUR 633 million). The Group's operating profit for the period was impacted by items affecting comparability of EUR 347 million (2016: EUR -11 million). The share of profit from associates and joint ventures in 2017 was EUR 148 million (2016: EUR 131 million). Net finance costs in 2017 amounted to EUR 195 million (2016: EUR 169 million). Profit before income taxes in 2017 was EUR 1,111 million (2016: EUR 595 million). Taxes in 2017 totalled EUR 229 million (2016: 90 EUR million). Earnings per share ("EPS") in 2017 were EUR 0.98 (2016: EUR 0.56).

In 2017, the Group's net cash from operating activities increased by EUR 372 million to EUR 993 million (2016: EUR 621 million). Investments excluding acquisitions in 2017 increased by EUR 58 million to EUR 657 million (2016: EUR 599 million). Acquisition of shares in 2017 amounted to EUR 972 million (2016: EUR 695 million). Divestments of shares, mainly the Hafslund transaction, amounted to EUR 741 million (2016: EUR 39 million). Cash flow before financing activities in 2017 was EUR 187 million (2016: EUR -1,080 million). In 2017, the Group paid dividends totalling EUR 977 million (2016: EUR 977 million).

At the end of 2017, the Group's total assets amounted to EUR 21,753 million (2016: EUR 21,964 million).

At the end of the financial year ended 31 December 2017, the Group's net debt totalled EUR 988 million (2016: EUR -48 million). At the end of 2017 liquid funds totalled EUR 3,897 million (2016: EUR 5,155 million). In addition to liquid funds, the Group's undrawn committed credit facilities at the end of 2017 totalled EUR 1.8 billion, excluding committed credit facilities of EUR 12.0 billion for the Group's offer for Uniper shares.

At the end of 2017, the comparable net debt to EBITDA ratio was 0.8 (2016: 0.0). Return on capital employed in 2017 improved to 7.1 per cent. (2016: 4.0 per cent.).

Financial analysis of the Group based on the unaudited interim financial statements as at and for the nine months ended 30 September 2018 and 2017.

In the nine months ended 30 September 2018, the Group's sales were EUR 3,643 million (1-9/2017: EUR 3,088 million). Comparable EBITDA in the nine months ended 30 September 2018 totalled EUR 1,051 million (1-9/2017: EUR 852 million). Comparable operating profit in January-September 2018 totalled EUR 654 million (1-9/2017: EUR 516 million). Operating profit in January-September 2018 totalled EUR 829 million (1-9/2017: EUR 843 million). Operating profit for the period was positively impacted by EUR 175 million (1-9/2017: EUR 327 million) of items affecting comparability, including the fair value change of non-hedge accounted derivatives, capital gains, and nuclear fund adjustments. In 2017, the items affecting comparability included a one-time capital gain of EUR 324 million from the divestment of Hafslund ASA. The share of profit from associates and joint ventures was EUR 82 million (1-9/2017: EUR 114 million). Net finance costs amounted to EUR 132 million (1-9/2017: EUR 146 million). Profit before income taxes was EUR 779 million (1-9/2017: EUR 811 million). Taxes for the period totalled EUR 118 million (1-9/2017: EUR 186 million). The profit for the period was EUR 661 million (1-9/2017: EUR 625 million). Earnings per share were EUR 0.73 (0.70),

In the nine months ended 30 September 2018, net cash from operating activities increased by EUR 68 million to EUR 767 million (1-9/2017: EUR 699 million). Net cash used in investing activities increased to EUR 4,107 million (1-9/2017: EUR 611 million). Cash flow before financing activities was EUR -3,340 million (1-9/2017: EUR 88 million). Proceeds from long-term liabilities were EUR 1,764 million (1-9/2017: EUR 35 million), including the bridge loan financing from committed credit facilities for the acquisition of Uniper shares. Payments of long-term liabilities totalled EUR 553 million (1-9/2017: EUR 467 million), including the repayment of bonds of EUR 413 million. The dividend payment for 2017 was EUR 977 million. The net decrease in liquid funds was EUR 3,138 million (1-9/2017: EUR 1,261 million).

At 30 September 2018, total assets amounted to EUR 22,082 million (end of 2017: EUR 21,753 million).

Net debt increased by EUR 4,256 million to EUR 5,244 million (end of 2017: EUR 988 million), mainly due to the closing of the Uniper offer (*see below section "Uniper investment"*) in the latter part of the second quarter in 2018.

At 30 September 2018, the Group's liquid funds totalled EUR 731 million (end of 2017: EUR 3,897 million). Liquid funds included cash and bank deposits held by PAO Fortum amounting to EUR 289 million (end of 2017: EUR 246 million). In addition to liquid funds, the Group's undrawn committed credit facilities totalled EUR 1.8 billion.

At 30 September 2018, the comparable net debt to EBITDA ratio for the last twelve months was 3.6x (end of 2017: 0.8x), which is above the long-term over-the-cycle target of approximately 2.5x. ROCE for the last twelve months was 7.0 per cent. (end of 2017: 7.1 per cent.).

Uniper investment

In September 2017, the Group announced it had signed a transaction agreement with E.ON under which E.ON had the right to decide to tender its 46.65 per cent. shareholding in Uniper into the Group's public takeover offer. In November 2017, the Group launched a voluntary public takeover offer to all Uniper shareholders at a total value of EUR 22 per share implying a premium of 36 per cent. to the price prior to intense market speculation on a potential transaction at the end of May 2017. In February 2018, the Group announced that shareholders representing 47.12 per cent. of the shares in Uniper had accepted the offer.

The public takeover offer was conditional upon regulatory and merger control approvals in several countries. During the second quarter 2018, the Group received the required clearances in Russia under the Strategic Investment Law as well as Competition Law. The clearances allow the Group to acquire up to 50 per cent. of shares and voting rights in Uniper. During the second quarter of 2018, the Group also received an unconditional merger clearance decision from the European Commission. Clearances in the United States and South Africa had already been granted earlier.

On 26 June 2018, the Group closed the offer and became the largest shareholder in Uniper with 47.35 per cent. of the shares. The Group paid a total consideration of EUR 3.7 billion for all shares tendered (EUR 21.31 per share). The total consideration was financed with existing cash resources of EUR 1.95 billion and bridge loan financing from committed credit facilities of EUR 1.75 billion.

The share of Uniper's profit will contribute to the EPS and dividends to the cash flow of the Group. As a result of this transaction, the Group's leverage rose above its long-term target level for net debt/EBITDA ratio of around 2.5x. Over time, however, the Group expects its cash generation in combination with the dividend from Uniper to reduce this ratio towards the Group's stated target.

The Group consolidated Uniper as an associated company from 30 June 2018. The total acquisition cost, including direct costs relating to the acquisition, is reported in *'Participations in associated companies and joint ventures'*. The purchase price allocation will be completed within the one-year window from the acquisition date, according to IFRS. The Group's share of Uniper's results will be accounted for with a time-lag of one quarter, with potential adjustments, as Uniper publishes its interim reports later than the Group. The Group's third-quarter 2018 interim report does not include any share of results from Uniper. The Group's Financial Statements for the year ended 31 December 2018 will only include the Group's share of Uniper's third-quarter results.

Business Divisions and reporting segments

Businesses are managed through four operating divisions: Generation, City Solutions, Consumer Solutions and Russia. See *'Organisational Structure'* above for further information.

Generation

The Generation segment comprises power production in the Nordics including nuclear, hydro and thermal power production, power portfolio optimisation, trading and industrial intelligence, and nuclear services globally.

City Solutions

The City Solutions segment develops sustainable solutions for urban areas into a growing business for the Group. The segment comprises heating and cooling, waste-to-energy, operation and maintenance services, biomass and other circular economy solutions. The business operations are located in the Nordics, the Baltic countries and Poland. The segment also includes the Group's 50 per cent. holding in Stockholm Exergi (formerly Fortum Värme), which is a joint venture and is accounted for using the equity method.

Consumer Solutions

The Consumer Solutions segment comprises electricity and gas retail businesses in the Nordics and Poland, including the customer service, invoicing and debt collection business. The Group is the largest electricity retail business in the Nordics, with approximately 2.5 million customers across different brands in Finland, Sweden, Norway and Poland. The business provides electricity and related value added products as well as new digital customer solutions.

Russia

The Russia segment comprises power and heat generation (including power generation from wind and solar operations) and sales in Russia. The segment also includes the Group's over 29 per cent. holding in TGC-1, which is an associated company and is accounted for using the equity method.

Other Operations

In addition, the Group has two development units focusing on growing new businesses: M&A and Solar & Wind Development as well as Technology and New Ventures. The development units form, together with the administrative functions of the Group, the Other Operations, Other Operations also includes the Group's shareholding in Uniper.

M&A and Solar and Wind Development

Fortum strives to create value by driving utility industry consolidation and restructuring through transformational mergers and acquisitions in its current home markets and in the integrating European market. The Group also targets a gigawatt-scale solar and wind portfolio. These efforts are centralised under a unit dedicated to leading group-wide mergers and acquisitions and the development of the solar and wind portfolio. In November 2018 the Group announced that wind operations would become a business area within the Generation division and the solar operations within the City Solutions division. The segment reporting will be changed as of 2019 and 2018 figures will be restated accordingly.

Technology and New Ventures

Technology and New Ventures is established to speed up innovation and new business development. This unit is responsible for the Group's research and development activities and is the in-house incubator for startups. It is also responsible for direct and indirect investments in external startups as well as cooperation with universities and research institutions. Furthermore, the Group's Corporate IT is part of this unit and its role will be developed to a strategic enabler of digitalisation and information technology solutions and applications for the businesses.

Litigation

In March 2018 the Swedish Supreme Administrative Court decided not to grant leave to appeal to the Group with respect to interest deduction cases relating to the years 2009-2012. The unfavourable decision of the Administrative Court of Appeal from June 2017 therefore remains in force. For the years 2009-2012, the Group had to pay additional tax and interest, totalling SEK 1,175 million (EUR 122 million). The Group paid the additional tax and interest in 2016 and recorded the payment as a cost in the second quarter 2017 results.

The Group considers that there are strong grounds to argue that the aforementioned decisions of the Administrative Court of Appeal and the Supreme Administrative Court violate EU law and fundamental rights under EU law. The Group plans to make use of legal remedies which are available for breaches of EU law. Moreover, the Group has filed a request to initiate a mutual agreement procedure between Sweden and the Netherlands for the year 2012.

In addition the Group has received income tax assessments in Sweden for the years 2013, 2014 and 2015. The assessments concern the loans given in the years 2013, 2014 and 2015 by the Group's Dutch financing company to the Group's subsidiaries in Sweden. The interest income for these loans was taxed in the Netherlands. The tax authorities consider just over a half of the interest relating to each loan as deductible, i.e. deriving from business needs. The rest of the interest is seen as non-deductible. The decision is based on the changes to Swedish tax regulations in 2013. The Group considers that the claims are unjustifiable and has appealed the decisions. On 18 October 2018 the Administrative Court of Appeal in Stockholm,

Sweden announced its decision relating to the income tax assessment for the year 2013. The decision was favourable to the Group. The Administrative Court of Appeal confirmed that the Group had sufficient business reasons for the loans and accepted the Group's appeal. The Swedish tax authority may apply for the right to appeal from the Supreme Administrative Court. The cases regarding the year 2014 and the year 2015 are still pending before the Administrative Court.

The amount of additional tax claimed by the Swedish tax authority has been SEK 239 million (EUR 24 million) for the year 2013, SEK 242 million (EUR 24 million) for the year 2014 and SEK 179 million, (EUR 17 million) for the year 2015. The additional tax cost for 2013 has already been paid in 2017 and it will be refunded to the Group due to the decision from the Administrative Court of Appeal. Additional taxes and interest for the years 2014 and 2015 have not been paid.

Fortum Sverige AB has received a negative decision from the Administrative Court of Appeal in Stockholm in June 2018 relating to the Swedish hydro real estate tax for the years 2009-2014. The decision is contrary to the Administrative Court's previous decision. Fortum Sverige AB has applied for leave to appeal from the Supreme Administrative Court. The disputed amount for the five years totalled SEK 508 million in tax and SEK 12 million in interest (EUR 50 million tax; EUR 1 million interest). If the decision of the Administrative Court of Appeal becomes final despite the appeal process, there will be no impact on the Group's results.

The Group has received income tax assessments in Belgium for the years 2008, 2009, 2010 and 2011. The Belgian tax authorities disagree with the tax treatment of Fortum EIF NV (after a merger in 2012, currently trading as Fortum Project Finance NV, the Group's Belgian financing company subsidiary). The Group considers that the tax authorities' interpretation is not based on local regulation and has appealed the decision to the Court of First Instance. The Court of First Instance in Antwerp rejected the Group's appeal for the years 2008 and 2009 in June 2014. The Group considered the decision unjustifiable and subsequently appealed to the Court of Appeal.

In January 2016 the Group received a favourable decision from the Court of Appeal in which the Court disagreed with the tax authorities' interpretation and the tax assessment for 2008 was nullified. The tax authorities disagreed with the decision and filed an appeal to Hof van Cassatie (Supreme Court) in March 2016. The Group's appeals concerning 2009-2011 are still pending and the Group expects the remaining years to follow the final decision for 2008. Based on legal analysis and a supporting legal opinion, no provision has been accounted for in this interim report. The approximate amount of additional tax claimed is approximately EUR 36 million for the year 2008, approximately EUR 27 million for the year 2009, approximately EUR 15 million for the year 2010 and approximately EUR 21 million for the year 2011. The tax has already been paid.

In November 2015 the Group received an income tax assessment from the Belgian tax authorities for the year 2012. The tax authorities disagree with the tax treatment of Fortum Project Finance NV. The Group considers that the tax authorities' interpretation is not based on applicable local regulation and has filed an objection against the tax adjustment. In line with treatment of the cases concerning 2008-2011, no provision has been accounted for in the financial statements. The amount of additional tax claimed is approximately EUR 15 million for the year 2012. The tax has already been paid.

Corporate Governance and Management

Corporate governance at the Group is based on Finnish laws and Fortum's Articles of Association. The Group complies fully with, and has prepared its corporate governance statement ("**Corporate Governance Statement**") in accordance with, the Finnish Corporate Governance Code 2015, which is available on the website of the Finnish Securities Market Association: www.cgfinland.fi.

The Group's Corporate Governance Statement is issued separately from the Operating and Financial Review, and it has been reviewed by the Audit and Risk Committee of Fortum's Board of Directors.

The Group prepares consolidated financial statements and interim reports in accordance with IFRS, as adopted by the EU, the Finnish Securities Markets Act as well as the appropriate Financial Supervision Authority's regulations and guidelines and Nasdaq Helsinki's rules. The Group's operating and financial review and the parent company financial statements are prepared in accordance with the Finnish Companies Act, Finnish Accounting Act, Finnish Securities Markets Act, and the opinions and guidelines of the Finnish Accounting Board. The auditor's report covers the consolidated financial statements and the parent

company financial statements. The decision-making bodies managing and overseeing the Group's administration and operations are the General Meeting of Shareholders, the Board of Directors with its two Committees (the Audit and Risk Committee and the Nomination and Remuneration Committee) and the President and Chief Executive Officer, supported by the Fortum Executive Management.

Share Capital

At the end of 2017, a total of 888,367,045 Fortum shares had been issued. Each share entitles the holder to one vote at the Annual General Meeting. All shares entitle holders to an equal dividend. As at 30 September 2018 the Group's share capital, paid in its entirety and entered in the trade register, was EUR 3,046,185,953.00 (unchanged since 31 December 2017).

Major shareholders

The Group's major shareholders on 30 September 2018:

Fortum Top 10 Major Shareholders	Shares	Per cent. of Shares
1. Finnish State.....	450,932,988	50.76
2. Ilmarinen Mutual Pension Insurance Company	8,720,000	0.98
3. Varma Mutual Pension Insurance Company.....	8,575,167	0.97
4. The Finnish Social Insurance Institution.....	7,030,896	0.79
5. Kurikan Kaupunki.....	6,203,500	0.70
6. Elo Mutual Pension Insurance Company	5,000,000	0.56
7. The State Pension Fund	4,600,000	0.52
8. OP-Finland.....	4,280,654	0.48
9. The Local Government Pensions Institution	2,568,955	0.29
10. Schweizerische Nationalbank.....	1,995,362	0.22
10 largest, total	499,907,522	56.27
Nominee registered	266,046,248	29.95
Other shares.....	109,252,200	12.30
Total.....	888,367,045	100.00

The list has been compiled by the Issuer on the basis of shareholder information obtained from Euroclear Finland Ltd. This information includes only directly registered holdings, thus certain holdings of ordinary shares and American depositary receipt ("ADRs") held in nominee or brokerage accounts cannot be included. The list is therefore incomplete.

At the end of September 2018, the Finnish State owned 50.8 per cent. of the Group's shares. The Finnish Parliament has authorised the Government to reduce the Finnish State's holding in the Group to no less than 50.1 per cent. of the share capital and voting rights. Representatives of the Finnish State are required to observe certain guidelines in connection with the exercise of the Finnish State's rights as shareholder and the Finnish State's internal decision-making relating to the administration of its ownership interests in state-controlled entities. As at the date of this Base Prospectus, there are no arrangements known to the Issuer, the operation of which may at a subsequent date result in a change of control of the Issuer. The proportion of nominee registrations and direct foreign shareholders was 30.6 per cent., Finnish households 9.5 per cent., financial and insurance corporations 1.7 per cent. and other Finnish investors 7.5 per cent..

Dividend Policy

The Group's dividend policy is to pay a stable, sustainable and over time increasing dividend of 50-80 per cent. of earnings per share excluding one-off items.

Board of Directors

In the 2018 Annual General Meeting, the following persons were elected to the Board of Directors. The Board of Directors has been elected until the end of the following Annual General Meeting.

MATTI LIEVONEN

Chairman

Born 1958, nationality: Finnish

B.Sc. (Eng.), eMBA, D.Sc. (Tech) h.c.

Chairman of the Nomination and Remuneration Committee

Independent member of Fortum's Board of Directors

Main occupation:

Non-executive Director

Primary work experience:

President & CEO, Neste Corporation 2008-2018, President of the Fine and Speciality Papers Division at UPM-Kymmene Corporation, and number of other senior positions at UPM 1986–2008, and prior to that at ABB, Member of UPM-Kymmene's Executive Board 2002–2008

Key positions of trust:

Member of the Board of European Business Leaders' Convention, East Office of Finnish Industries Oy, Chemical Industry Federation of Finland, Nynäs AB, and SSAB AB, Member of the Supervisory Board of Suomen Messut Osuuskunta, National Emergency Supply Agency (HVK), and The Finnish Business and Policy Forum (EVA)

KLAUS-DIETER MAUBACH

Deputy Chairman

Born 1962, German citizen

Ph.D. (Electrical Engineering)

Member of the Nomination and Remuneration Committee

Independent member of Fortum's Board of Directors

Main occupation:

Managing Partner, maubach.icp GmbH

Primary working experience:

- Encavis AG (former Capital Stage AG), CEO 2015-2016
- E.ON SE, Member of the Management Board and CTO 2010-2013
- E.ON Energie AG
 - CEO 2007-2010
 - Member of the Management Board 2006-2007
- Avacon AG
 - CEO 2003-2006
 - Member of the Management Board 2001-2003
- Elektrizitätswerk Wesertal GmbH
 - CEO and Member of the German Executive Committee of Fortum Group 2000-2001
 - Managing Director 1998-2000
 - Corporate head of department 1998
- Energieversorgung Offenbach AG, Offenbach a.M.
 - Head of technical planning 1996-1998
 - Head of dispatching centre 1995-1996
- University of Wuppertal, Research assistant, head of system optimisation 1989-1994

Key positions of trust:

Member of the Supervisory Board of ABB Deutschland AG, Member of the Board of Directors of Axpo Power AG, Chairman of the Supervisory Board of Klöpfer & Königer GmbH & Co KG, Member of the Supervisory Board of Encavis AG and, Chairman of the Advisory Board of SUMTEQ GmbH.

HEINZ-WERNER BINZEL

Born 1954, nationality: German

Economics and electrical engineering degree

Member of the Audit and Risk Committee

Independent member of Fortum's Board of Directors

Main occupation:

Independent consultant

Primary work experience:

- RWE Energy AG, Member of the Executive Board, procurement and sale of electricity, gas, and water 2003–2005
- RWE Solutions AG, Member of the Executive Board as CFO, 1999–2002 and as CEO 2002–2003
- NUKEM GmbH, several senior executive positions in Germany and the USA 1981–1999

Key positions of trust:

Member of the Supervisory Board and Chairman of the Audit Committee of TÜV Rheinland Holding AG

EVA HAMILTON

Born 1954, nationality: Swedish

B.A. Journalism, honorary doctorate degree at Mid Sweden University (Mittuniversitetet)

Member of the Nomination and Remuneration Committee

Independent member of Fortum's Board of Directors

Main occupation:

Senior adviser

Primary work experience:

- Sveriges Television (SVT)
 - CEO 2006–2014
 - Head of SVT Fiction 2004–2006
 - Head of News 2000–2004
 - Foreign Correspondent, Brussels 1993–1996
- Aftonbladet 1978–1979, Svenska Dagbladet 1979–1988, Dagens Industri 1988–1989: news reporter

Key positions of trust:

Chairman of the Board of Nexiko Media AB and Swedish Film & TV Producers Association, Member of the Board of Kungliga Dramatiska Teatern AB, LKAB, Stockmannsgroup, IVA (Royal Swedish Academy of Engineering), and Arholma Landsort AB, Chairman and Member of the Board of Näringslivsrådet

KIM IGNATIUS

Born 1956, nationality: Finnish

B.Sc. (Econ.), Helsinki School of Economics and Business Administration

Chairman of the Audit and Risk Committee
Independent member of Fortum's Board of Directors

Main occupation:

Non-executive Director

Primary work experience:

- Sanoma Corporation, Chief Financial Officer 2008-2016, Executive Vice President 2017
- TeliaSonera AB, Executive Vice President and CFO 2003–2008
- Sonera Oyj, Executive Vice President and CFO 2000–2002
- Tamro Oyj, group CFO 1997–2000

Key positions of trust:

Member of the Board and Chairman of Audit and Remuneration Committees of Rovio Entertainment Corporation

ESSIMARI KAIRISTO

Born 1966, Finnish and German citizen
Diploma in Business Administration (Germany)
Member of the Audit and Risk Committee
Independent member of Fortum's Board of Directors

Main occupation:

Consultant

Member of the supervisory board, the board of partners, and the audit committee of Freudenberg, Global Technology Group

Primary working experience:

- Hochtief Solution AG, Member of the Executive Board/CFO 2013-2016; Member of various supervisory and executive boards until 2015
- Sasol
 - Sasol O&S Group International, General Manager Finance/CFO 2008-2013
 - Sasol Germany GmbH, Hamburg, Managing Director and CFO 2007-2013
 - Member of various supervisory and executive boards at Sasol until 2013
- RWE Group
 - Lahmeyer International GmbH, Managing Director/CFO 2004-2007
 - RWE Solutions AG Frankfurt, Head of Special Purpose Controlling 2003-2004
 - RWE Solutions AG, Essen & RWE Industrie-Lösungen GmbH, Duisburg, Head of Commercial Services Infrastructure Management 2002-2003
- Schlumberger Konzern, several management positions in Germany, Norway and US 1995-2001

ANJA MCALISTER

Born 1960, nationality: Finnish
M.Sc., Energy technology, MBA

Member of the Nomination and Remuneration Committee
Independent member of Fortum's Board of Directors

Main occupation:

Independent consultant

Primary work experience:

- Pöyry PLC, Executive Vice President, Head of Strategy, Transformation, and HR 2017
- Pöyry PLC, President Energy Business Group 2015–2017
- Pöyry Management Consulting Oy, Vice President 2014–2015
- Renewa Oy, (biomass boiler manufacturer), Managing director 2013
- UPM Group, Senior Vice president, Head of Energy Business 2004–2013
- Electrowatt-Ekono Oy (part of the Pöyry Group), Senior Vice President, Head of the Management Consulting Northern Europe 2000–2004
- Ministry of Trade and Industry, Finland, Industrial Counsellor, head of Energy Policy and Analyses team 1998–2000
- Kymppivoima Oy, Operations Manager and Managing Director 1995–1998
- Energia-Ekono Oy, Senior Consultant 1993–1995
- Sheffield Heat and Power Ltd., Sheffield, UK, Technical Manager 1990–1993
- City of Kuopio, Finland, Operations Manager of MW biomass CHP plant 1984–1989

VELI-MATTI REINIKKALA

Born 1957, nationality: Finnish
Executive Master of Business Administration
Member of the Audit and Risk Committee
Independent member of Fortum's Board of Directors

Main occupation:

Non-executive Director

Primary work experience:

- ABB
 - President of Region Europe 2015 and Member of the Group Executive Committee 2006–2015
 - President of Process Automation division 2006–2014
 - Head of Business Area Process Automation 2005
 - ABB China, Automation Technologies Division Manager 2003–2004
 - ABB Drives & Power Electronics, Business Area Manager 2002
 - ABB Drives, Manager, 1996–2002
 - ABB Industry Oy, CFO 1994–1996

- Before 1994, various positions in paper and packaging companies in Finland

Key positions of trust:

Chairman of the Board of Cramo Plc, Member of the Board of UPM-Kymmene Corporation

In April 2018, the Group's Board of Directors elected, from among its members, Matti Lievonen (Chairman), Eva Hamilton, Klaus-Dieter Maubach, and Anja McAlister to the Nomination and Remuneration Committee.

The President and CEO and Fortum Executive Management

The President and CEO holds the position of Managing Director under the Companies Act and is the Chairman of the Fortum Executive Management. The President and CEO is in charge of the day-to-day management of the Group, in accordance with the Companies Act and the instructions and orders issued by the Board of Directors. Under the Companies Act, the President and CEO is responsible for ensuring that the accounts of the Group comply with the applicable laws and that its financial affairs have been arranged in a reliable manner.

Currently, the Fortum Executive Management consists of:

PEKKA LUNDMARK

President and CEO and Member of the Executive Management since 2015. Employed by Fortum since 2015.

External board memberships: Chairman of the Board of Helsinki Metropolitan Smart & Clean Foundation, and Fortum Foundation, Member of the Board of Confederation of Finnish Industries, East Office of Finnish Industries, and Climate Leadership Council.

ARUN AGGARWAL

Senior Vice President, Business Technology, member of the Executive Management since 2018. Employed by Fortum since 2018.

External board memberships: none.

ALEXANDER CHUVAEV

Executive Vice President, Russia Division and General Director of PAO Fortum and Member of the Executive Management since 2009. Employed by the Fortum since 2009.

External board memberships: Deputy Head of the Supervisory Board of Energy Producers Council, Member of the Board & Chairman of Commission on Public Utility of Russian Union of Industrialists and Entrepreneurs, Member of the Board of TGC-1, Member of the Government Commission on the Development of the Electric Power Industry, Non-executive member of the Management Board of Aggreko Eurasia LLC, General Director of Wind Power AM LLC

PER LANGER

Executive Vice President, City Solutions since 2017, Member of the Executive Management since 2009. Employed by Fortum since 1999.

External board memberships: Deputy chairman of the Board of Fortum Oslo Varme AS and Stockholm Exergi Holding AB, Member of the Board of Exeger Sweden AB

RISTO PENTTINEN

Senior Vice President, Strategy, People and Performance and Member of the Executive Management Team since 2016. Employed by Fortum since 2011.

External board memberships: Vice Member of the Board of Varma Mutual Pension Insurance Company

MARKUS RAURAMO

Chief Financial Officer since 2017, Member of the Executive Management since 2012. Employed by Fortum since 2012.

External board memberships: Vice Chairman of the Supervisory Board of Uniper SA. Member of the Board of Wärtsilä Oyj and Teollisuuden Voima Oyj

ARTO RÄTY

Senior Vice President, Corporate Affairs & Communications and Member of the Executive Management since 2016. Employed by Fortum since 2016

External board memberships: Chairman of the Board of Destia Group Oyj, Member of the Board of Aalto University Executive Education Oy, Suomi Gas Distribution Holding Oy, AC Cleantech Management Oy, Fortum Art Foundation and Urlus Foundation, Deputy member of the Board of Fennovoima Oy, Member of the Board of Trustees of Savonlinna Opera Festival

MIKAEL RÖNNBLAD

Executive Vice President, Consumer Solutions and Member of the Executive Management since 2017. Employed by Fortum since 2017.

External board memberships: Chairman of the Board of Nikus Oy Ab

SIRPA-HELENA SORMUNEN

General Counsel and Member of the Executive Management since 2014. Employed by Fortum since 2014.

External board memberships: Member of the Board of Directors of Nammo AS and Association of Finnish Fine Arts Foundations, Chairman of the Board of Fortum Art Foundation

TIINA TUOMELA

Executive Vice President, Generation since 2016, member of the Executive Management since 2014. Employed by Fortum since 1990.

External board memberships: Chairman of the Board of Kemijoki Oy, Member of the Board of YIT Corporation, Teollisuuden Voima Oyj, and Finnish Energy.

The address of each of these individuals is Fortum Oyj, Keilalahdentie 2-4, Espoo, POB 100, FI-00048, Finland.

There is no existing or potential conflict of interest between the directors' or other committee members' duties to the Group and/or their private interests or other duties.

TAXATION

Finnish Taxation

The comments below are of a general nature based on the Issuer's understanding of current law and practice in Finland, and do not purport to provide a complete analysis of all tax considerations relating to the Notes, whether in Finland or elsewhere. The comments relate only to the position of persons who are the absolute beneficial owners of the Notes, Coupons and Talons and who are not resident in Finland for tax purposes. They relate only to payments made by the Issuer and may not apply to certain classes of person such as dealers. Prospective holders of the Notes who are not resident in Finland for tax purposes and are in any doubt as to their personal tax position or who may be subject to tax in any other jurisdiction should consult their professional advisers. This summary 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. It should be noted that the tax laws of Finland may be amended with retrospective application.

Taxation of Notes

Under present Finnish domestic tax law payments in respect of the Notes, the Coupons and the Talons will be exempt from all taxes, duties, fees and imports 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 such taxation the holder of the Note, Coupon or Talon to which any such payments relates is subject to thereon by reason of such holder being connected with the Republic of Finland otherwise than solely by his holding of such Note, Coupon or Talon or the receipt of income therefrom.

Finnish Capital Gains Taxes

Holders of Notes, Coupons and Talons who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland to which their investment in the Notes is effectively connected will not be subject to Finnish taxes or duties on gains realised on the sale or redemption of the Notes, Coupons and Talons.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(a) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(b) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the "**Relibi Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

The proposed financial transactions tax

On 14 February 2013, the European Commission issued proposals (the "**Commission's proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (i) by transacting with a person established in a participating member state or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined in FATCA), may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including The Republic of Finland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, NatWest Markets Plc, Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ) (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 a Dealer Agreement dated 21 November 2018 (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 or with any securities regulatory authority of any state or other jurisdiction of the United States 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 that, 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 its 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.

Prohibition of Sales to European Economic Area Retail Investors

Unless the applicable Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", or "Not Applicable, Key Information Document prepared", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of MiFID II; or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

- (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and
- (b) the expression an "offer" includes 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.

Public Offer Selling Restriction under the Prospectus Directive

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA 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) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 150 offerees*: at any time to fewer than 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
- (c) *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 (a) to (c) 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. For the purposes of this Base Prospectus only, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and undertaken and each further Dealer appointed under the Programme will be required to represent, warrant and undertake 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "FIEA "). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

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 force 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 a supplement to this Base Prospectus or in a Drawdown Prospectus.

GENERAL INFORMATION

Listing and Admission to Trading

Application has been made for Notes issued under the Programme to be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by the Luxembourg Stock Exchange or any other competent authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as the Issuer and the relevant Dealer(s) may agree.

Authorisations

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 18 June 2003. The update of the Programme was approved by a decision of the authorised signatories (acting under the authorisation of a resolution of the Board of Directors of the Issuer passed on 1 February 2018), and contained in the decision letter to be dated 21 November 2018. 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.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. 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.

Clearing Systems

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L1855 Luxembourg. The address of any alternative clearing system(s) will be specified in the applicable Final Terms.

Litigation

Save as disclosed in the paragraph entitled "*Litigation*" on page 78 of this Base Prospectus, the Issuer is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

No significant change and no material adverse change

There has been no material adverse change in the prospects of the Issuer since 31 December 2017, nor has there been any significant change in the financial or trading position of the Issuer and its subsidiaries, taken as a whole, which has occurred since 30 September 2018.

Statutory Auditors

Deloitte Oy, members of the Finnish Institute of Authorised Public Accountants, have audited the accounts of the Issuer for the year ended 31 December 2016 and the accounts for the year ended 31 December 2017. The 2016 and the 2017 accounts have been prepared under IFRS.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of documents (a) to (c) below may be inspected and document (d) below

may be obtained during normal business hours at the Specified Office of the Fiscal Agent and the Luxembourg Listing Agent, namely:

- (a) the Deed of Covenant;
- (b) the Agency Agreement (which contains the forms of the Notes in global and definitive form);
- (c) the Dealer Agreement;
- (d) any future base prospectuses, offering circulars, prospectuses, information memoranda, supplements and Final Terms (save that the Final Terms relating to a Note which is not offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a Holder of such Note and such Holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference;
- (e) the constitutional documents of the Issuer;
- (f) this Base Prospectus;
- (g) in the case of each issue of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange and subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document); and
- (h) the most recent publicly available audited consolidated financial statements of the Issuer beginning with such financial statements for each of the years ended 31 December 2016 and 2017 may be obtained during normal business hours at the Specified Office of the Fiscal Agent and the Luxembourg Paying Agent.

In addition, this Base Prospectus is, and in the case of Notes to be listed on the official list of Luxembourg Stock Exchange, and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the relevant Final Terms will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Material Contracts

The Issuer has not entered into any material contract outside of the ordinary course of business which could result in it or any Group member being under an obligation or entitlement that is material to the Issuer's ability to perform its obligations under the Notes.

Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche 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 and the issue price of the relevant Notes will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

Dealers' Activities

In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and

financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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